

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



July 28th, 2021

Sidney Dietz  
Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Dear Mr. Dietz,

This disposition letter serves as a notice of approval of Pacific Gas and Electric Company's (PG&E's) 2021 Third-Party Solicitation:

# 4456-G/6236-E: Alternative Energy Systems Consulting, Inc Statewide State of California Energy Strategy and Support Program

This Advice Letter is effective July 28th, 2021.

### **Background**

Decision D.18-01-004, the Third-Party Solicitation Process Decision, requires the four California Investor-Owned Utilities (IOUs) to file a Tier 2 advice letter for each third-party contract, or batch of third-party contracts, that is valued at \$5 million or more and/or with a term of longer than three years, for commission review.<sup>1</sup> On June 24th, 2021, PG&E filed this Statewide State of California Energy Strategy and Support Program advice letter as part of its Statewide California Partnership solicitation.

In operationalizing the review of third-party advice letters, EE Staff focused its review on the fairness of the solicitations process, size of contract budget and forecasted savings, and the contract's contribution to the portfolio-level cost-effectiveness requirements. Approval of this advice letter is not evidence of Commission approval of future program implementation. It is PG&E's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all CPUC Decisions.

### **Implementation Plan Development**

Decision D.18-05-041, the Business Plan Decision, Ordering Paragraph 2 requires implementation plans to be posted within 60 days of contract execution, or within 60 days of Commission approval if the contract meets the advice letter threshold. With the issuance of this disposition, implementation plan for this program is due to be posted no later than September 26th, 2021.

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<sup>1</sup> D.18-01-004, pg. 57

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Please direct any questions regarding Energy Division's findings in this non-standard disposition to Jordan Christenson ([jordan.christenson@cpuc.ca.gov](mailto:jordan.christenson@cpuc.ca.gov)).

Sincerely,

A handwritten signature in black ink, appearing to read "ERAND" with "(f01)" written below it.

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

Cc: Service List R.13-11-005  
Pete Skala, Energy Division  
Jennifer Kalafut, Energy Division  
Alison LaBonte, Energy Division  
Robert Hansen, Energy Division  
Jordan Christenson, Energy Division

June 24, 2021

**Advice 4456-G/6236-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Statewide State of California Request for Proposal ("RFP") program, executed between Alternative Energy Systems Consulting, Inc and PG&E**

**Purpose**

In compliance with Decision (D.) 18-01-004, Pacific Gas and Electric Company ("PG&E") hereby requests the California Public Utilities Commission ("Commission" or "CPUC") and requests approval of the Energy Efficiency ("EE") Program Implementation Agreement ("PIA" or "Contract") executed between PG&E and Alternative Energy Systems Consulting, Inc. This Contract results from PG&E's Statewide State of California Request for Proposal ("RFP") solicitation for statewide resource EE customer programs and will contribute towards meeting PG&E's 60 percent third-party outsourcing compliance requirement.

**Background**

In Decision (D.) 15-10-028, the Commission established and adopted the Rolling Portfolio process for regular review and revision of the EE program administrators' (PAs') portfolios. In August 2016, the Commission adopted D.16-08-019, which defined the terms and the requirements for the utility PAs to administer statewide and third-party programs.

Under the framework of the rolling portfolio, the Commission adopted D. 18-01-004 for procurement of EE programs through a solicitation process. That Decision directed the investor-owned utilities ("IOUs"), including PG&E, to meet specific third-party outsourcing targets by certain dates in order to transition to a majority third-party-implemented portfolio by 2023. Specifically, D. 18-01-004 and D. 18-05-041 ordered the IOUs to have at least 25 percent of their 2020 program budgets under contract for programs designed and implemented by third-party providers by December 19, 2019<sup>1</sup>,

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<sup>1</sup> D. 18-05-041 OP (4). PG&E was granted an extension to June 30, 2020.

at least 40 percent by December 31, 2020, and at least 60 percent by December 31, 2022. Additional details are provided in the Public Section of this Advice Letter.

### **Compliance Requirements**

Per D.18-01-004, the IOUs are required to file a Tier 2 advice letter for each EE third-party contract that is valued at \$5 million or more and/or with a term longer than three years.

The Commission developed a template which outlines the required information and documentation for each third-party advice letter submission. The table below provides a list of the required content and indicates where PG&E is providing the content within this submission.

**Table 1: Required Content for Advice Letter Submission**

	<b>Contents, Attachments, and Appendices</b>	<b>Part 1 Public</b>	<b>Part 2 Confidential</b>
1	Introduction: Purpose and Subject (Summary of Contracts)	Part 1.1.A- 1.1.B	Appendix D
2	Introduction: Solicitation Process Overview	Part 1.1.C	Appendix B
3	Transition Plan	Part 1.2	
4	Confidentiality	Part 1.3	
5	Final IE Report	Attachment A	Appendix A
6	Program-Level Measurement & Evaluation (M&V) Plan for NMEC programs seeking exceptions to the NMEC Rules	Attachment B	
7	Selection spreadsheet (in Excel)		Appendix C
8	Executed third-party contract		Appendix E

The public version of this advice letter is provided to the service lists for Rulemaking ("R.") 13-11-005. The confidential version of the advice letter is provided only to the Commission.

### **Protests**

**\*\*\*Due to the COVID-19 pandemic, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov) and [PGETariffs@pge.com](mailto:PGETariffs@pge.com)\*\*\***

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than July 14, 2021, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 2 of D.18-01-004, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, July 24, 2021, which is 30 calendar days after the date of submittal.





# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4456-G/6236-E

Tier Designation: 2

Subject of AL: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Statewide State of California Request for Proposal ("RFP") program, executed between Alternative Energy Systems Consulting, Inc and PG&E

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-01-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: See Confidentiality Declaration and Matrix  
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: Matthew Braunwarth, (415)973-4058, MPBb@pge.com

Resolution required?  Yes  No

Requested effective date: 7/24/21

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Sidney Bob Dietz II, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**BEFORE THE PUBLIC UTILITIES COMMISSION OF  
THE STATE OF CALIFORNIA**

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)**

**DECLARATION OF MATTHEW BRAUNWARTH  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION  
CONTAINED IN ADVICE LETTER 4456-G/6236-E**

I, Matthew Braunwarth, declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee at PG&E since November 2010. I am the manager of Energy Efficiency Procurement department in PG&E’s Energy Efficiency organization. In this position, my responsibilities include managing the solicitation and finalization of the Program Implementation Agreement (“PIA”) submitted for approval in this Advice Letter. In carrying out these responsibilities, I have acquired confidential information related to offers received in this solicitation. Through this experience, I have become familiar with the type of information that could affect the negotiating position of energy efficiency sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.
2. Based on my knowledge and experience, and in accordance with (“D”) 06-06-066, 0804-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in the attachments to Advice Letter 4456-G/6236-E.
3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by the Public

Utilities Codes section 454.5(g), D. 06-06-066, D.08-04-023 and/or relevant Commission rules.

The matrix also specifies why confidential protection is justified. Further, the data and information: (1) is not already public; and (2) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed on June 22, 2021, at San Francisco, California.

/s/

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Matthew Braunwarth

**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39  
M) ADVICE LETTER 4456-G/6236-E  
June 22, 2021**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
<b>Document: Advice Letter 4456-G/6236-E</b>			
<b>Confidential Appendix A: Independent Evaluator Report of: Don Arambula Consulting</b>	<p>Item VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)</p> <p>Public Utilities Code section 454.5(g)</p>	<p>The purpose of the Independent Evaluator (“IE”) Report is to determine on the basis of bid information whether PG&amp;E’s conduct of the EE SW State of California program fulfilled Commission requirements. The IE Report relies extensively on confidential information for its analysis and findings, so to provide as much information about the local multi-sector as possible without divulging market sensitive information.</p> <p>This appendix discusses, analyzes, and/or evaluates the confidential terms of the non-RPS contracts and confidential negotiations between PG&amp;E and the counterparty. Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&amp;E contract negotiations and ultimately detrimental to PG&amp;E’s customers.</p> <p>PG&amp;E has redacted confidential bid information and quantitative analysis involved in scoring and evaluating the bids from the IE Report. A public version of the IE report has been filed with the Advice Letter. PG&amp;E has complied with the requirement to facilitate the public availability of its energy efficiency procurement information by masking its confidential data. Accordingly, the confidential version of the IE report should be protected from public disclosure.</p>	3 years from June 22, 2021
<b>Confidential Appendix B: Solicitation Evaluation Criteria Scorecard and Program Savings Summary</b>	VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids	Appendix B provides the RFA and RFP evaluation criteria with associated scorecard weightings for each criteria and sub-criteria for PG&E’s 2021 SW State of California RFA and RFP. Appendix B also includes summaries of program savings	Three years after CPUC approval

**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39  
M) ADVICE LETTER 4456-G/6236-E  
June 22, 2021**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
– in its entirety		and cost-effectiveness.  Disclosure of this information will provide valuable market sensitive information to market participants prior to the conclusion of ongoing negotiations. Release of this information could also provide sensitive solicitation strategy information and be damaging to future PG&E solicitations and ultimately detrimental to PG&E’s customers.	
<b>Appendix C: SW State of California Solicitation selection spreadsheet – in its entirety</b>	VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids  Public Utilities Code section 454.5(g)	Appendix C provides a spreadsheet of all of the offers received in response to PG&E’s 2021 SW State of California RFA and RFP. Appendix C also identifies those offers that were selected for the shortlist, contract negotiations, and contract award.  Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&E solicitations and ultimately detrimental to PG&E’s customers.	Three years after CPUC approval
<b>Appendix D: Contract and Contract Terms Summary – in its entirety</b>	Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)	These appendices contain the confidential contract summary and conditions of non-RPS contracts.  Table 1: Table 1 includes the Confidential Summary Portion of the Bidders Proposed Compensation Type (Time and Materials, specific deliverables, quantity of installed measures, incremental savings payment, customer incentives and performance payments).  Table 2: Table 2 includes the major contract provisions made to the standard form contract. The information contains confidential contract-related information exchanged between PG&E and the	Three years after CPUC approval

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39  
M) ADVICE LETTER 4456-G/6236-E  
June 22, 2021**

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		<p>counterparty. Release of this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&amp;E customers and/or may disclose confidential information provided in confidence by a third party to PG&amp;E.</p> <p>Table 3: Table 3 includes the major contract provisions made to the modifiable form contract. The information contains confidential contract-related information exchanged between PG&amp;E and the counterparty. Release of this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&amp;E customers and/or may disclose confidential information provided in confidence by a third party to PG&amp;E.</p> <p>Table B1: Table B1 contains program level cost effectiveness measures on an individual level. Releasing this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimental impact PG&amp;E customers.</p> <p>PG&amp;E has redacted market sensitive information. A public version of the Table B1 has been filed with the Advice Letter. PG&amp;E has complied with the requirement to facilitate the public availability of its energy efficiency procurement information by masking its confidential data. Accordingly, the confidential version of Table B1 should be protected from public disclosure.</p>	

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39  
M) ADVICE LETTER 4456-G/6236-E  
June 22, 2021**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To</b>	<b>Justification for Confidential Treatment</b>	<b>Length of Time Date To Be Kept Confidential</b>
<b>Appendix E: Executed Contracts</b>	Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)	These appendices contain the confidential terms and conditions of Third-Party Energy Efficiency Program Implementation Agreements. The information contains confidential contract-related information exchanged between PG&E and the counterparty. Release of this market sensitive information could put PG&E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&E customers and/or may disclose confidential information provided in confidence by a third party to PG&E.	Three years after CPUC approval

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **Approval of Alternative Energy Systems Consulting, Inc Contract Resulting from Statewide State of California Competitive Solicitation for Third-Party Energy Efficiency Customer Programs**

### **PART 1 PUBLIC VERSION**

June 24, 2021



Together, Building  
a Better California

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ATTACHMENT A: Final IE Report (Public)

ATTACHMENT B: Program-Level Measurement & Verification Plan

# ADVICE LETTER PART 1: PUBLIC SECTION

## 1. INTRODUCTION

### A. Purpose

Pursuant to the California Public Utilities Commission (CPUC or the Commission) Decision (D.)18-05-041 – Decision Addressing Energy Efficiency Business Plans, and in accordance with the requirements and timeline described in D.18-01-004 – Decision Addressing Third Party Solicitation Process for Energy Efficiency (EE) Programs, Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to seek Commission approval of the EE program implementation agreement (PIA or contract) between Alternative Energy Systems Consulting, Inc (AESC) and PG&E resulting from PG&E’s solicitation for Statewide State of California (SW SOC) resource EE customer programs.

As the designated lead Program Administrator (PA) for the State of California Program, PG&E is submitting this Advice Letter for the SW SOC Program to be implemented on behalf of California’s four Investor-Owned Utilities (IOUs) - Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE), Southern California Gas Company (SCG or SoCalGas), and San Diego Gas & Electric Company (SDG&E).

AESC’s program named Statewide State of California Energy Strategy and Support Program (the Program) proposes to serve more than 400 state-owned buildings across all 52 California agencies. The target buildings are located within all four California IOU service territories.

Furthermore, with a current total program budget of \$18.9<sup>1</sup> million through December 31, 2025, the Program will fall within PG&E’s 2018-2025 Business Plan annual budget levels approved by the Commission in D. 18-05-041<sup>2</sup>. The contract between PG&E and AESC was fully executed on June 8, 2021 and will contribute to the 60 percent outsourcing compliance target.

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<sup>1</sup> The Program has a 5-year term, but the budget is through December 31, 2025 in compliance with the current approved ABAL. Program services and budget after December 31, 2025 shall be contingent upon CPUC approving funding for PG&E’s energy efficiency program portfolio after 2025 and will require parties do a change order to add additional services and budget accordingly.

<sup>2</sup> PG&E’s 2018-2025 Business Plan annual budgets were approved via D.18-05-041, p.2. The business plan budgets set expectations for the total annual EE portfolio spending and cost recovery budgets that are requested via an Annual Budget Advice Letter (ABAL) filed in September of each year (see D.15-10-028 pp.43, 62, and OP 4, p.123). The ABAL requests CPUC authorization of PG&E’s total EE portfolio budget for spending and cost recovery in the upcoming program year, and the ABAL EE portfolio budget is comprised of individual program budgets forecasted for the upcoming program year. The EE portfolio budget spending request is generally capped at the approved business plan budget for that program year, however an ABAL budget can exceed the business plan budget in a given year as long as PG&E’s cumulative budget for 2018-2025 remains within the total approved cumulative budget for 2018-2025 (D.18-05-041 OP 45, p.192). PG&E will include the annual forecasted Program budget in its upcoming ABAL portfolio budgets and expects these total ABAL portfolio budgets to fall within the current approved business plan annual portfolio budget caps.

## I. Background

On August 18, 2016, the CPUC issued D.16-08-019 – Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings, which, for EE program purposes, defined the term “third-party program”<sup>3</sup> and further defined the term “statewide”.<sup>4</sup> Additionally, in D. 16-08-019, the Commission identified a list of programs to be administered statewide, including a program that serves state agencies and laid out the basic structure of the requirements for statewide programs going forward.<sup>5</sup>

Pursuant to the Commission’s April 14, 2017 Scoping Memo and Ruling,<sup>6</sup> PG&E filed its Solicitation Plan on August 4, 2017 which detailed the strategy and approach PG&E intended to implement for competitive solicitations and for building the new EE program portfolio.<sup>7</sup> On January 11, 2018, the Commission issued D.18-01-004 – Decision Addressing 3P<sup>8</sup> Solicitation Process EE Programs, which formalized the third-party solicitation process for EE programs and established key milestones on the path to maintaining a predominantly third-party implemented EE portfolio by 2023.

In D.18-05-041, the Commission approved PG&E’s EE Business Plan for 2018-2025, assigned lead PAs, and identified areas of sole responsibility for the lead PA including the responsibility of procurement and contract administration. D.18-05-041 also extended the 25 percent third-party portfolio outsourcing deadline to December 19, 2019.

On August 15, 2019, the Commission issued D.19-08-034 – Decision Adopting Energy Efficiency Goals for 2020 – 2030. D.19-08-034 identified potential achievable cost-effective electricity and natural gas efficiency savings, “established efficiency targets” for IOUs to achieve, and significantly reduced the savings and budget targets from the levels identified in previous years.

In accordance with D.18-01-004,<sup>9</sup> prior to launching any solicitations, PG&E first assembled a Procurement Review Group (PRG) composed of non-financially interested stakeholders to advise PG&E and provide oversight to all stages of the solicitation process. PG&E met with the PRG monthly to review solicitation progress. In accordance with D.18-01-004<sup>10</sup> and in consultation with the PRG, PG&E also solicited for and established a pool of five Independent Evaluators (IEs) with specific EE subject matter expertise to monitor the solicitation process for fairness and transparency, support PRG oversight efforts, and provide additional feedback to the IOUs. The Energy Division (ED) of the CPUC approved

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<sup>3</sup> D.16-08-019, p. 111, Ordering Paragraph (OP) 10.

<sup>4</sup> D.16-08-019, p. 109, OP 5.

<sup>5</sup> D.16-08-019, pgs. 62-64

<sup>6</sup> Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges (April 14, 2017) p. 8 [https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/0c9650\\_025db2dc8d354bb98df3cee59103a236.pdf](https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/0c9650_025db2dc8d354bb98df3cee59103a236.pdf)

<sup>7</sup> Pacific Gas and Electric Company Third Party Solicitation Proposal (August 4, 2017) p. 6 [https://www.pge.com/pge\\_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE\\_Third\\_Party\\_Solicitation\\_Process\\_Proposal.pdf](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf)

<sup>8</sup> Third-Party.

<sup>9</sup> D. 18-01-004, pgs. 61-62, OP 3-4.

<sup>10</sup> D. 18-01-004, pgs. 62-63, OP 5.

PG&E's IE pool via letter to PG&E on August 31, 2018.<sup>11</sup>

PG&E launched the SW SOC Program Request for Abstracts (RFA) in May 2020 with responses received and scored in July 2020. The SW SOC Request for Proposals (RFP) was issued in September 2020, with responses received in October 2020 and scored in November 2020. Throughout the solicitation process, PG&E worked closely with its PRG and its IEs to ensure fairness, transparency, and compliance with all Commission directives and program rules.

## II. The Solicitation is in Conformance with State's Energy Policy Goals

PG&E's strategy for the SW SOC solicitation was to closely align with California's energy and Greenhouse Gas (GHG) goals. The state has adopted multiple policy goals, such as California Senate Bill (SB) 1477,<sup>12</sup> California Assembly Bill (AB) 3232,<sup>13</sup> and the Governor's Executive Order EOB55-18,<sup>14</sup> focused on reducing GHG emissions to meet California's ambitious state climate goals. EE in California's public sector helps achieve these goals. In addition to direct reductions at the power plant, EE reduces the investment required to decarbonize buildings and, more generally, reduces the cost of renewables needed to achieve energy and climate goals.

**Program Goals:** The Program's main goals and objectives are to meet IOU and state agency EE goals while driving progress toward Zero Net Energy (ZNE) and decarbonization mandates. The program leverages EE and demand response (DR) strategies first, supports IDSM integration, invests in Workforce Development and training and targets underserved agencies.

**Program Design:** The Program is designed to build on the State's successful existing approaches while adding new channels that address key barriers (staffing and capacity, capital and financing, structural, operational, and safety) to energy savings at State agencies. Through direct agency support to develop projects, provide umbrella program and engineering support for ESCO and trade ally (TA) developed projects, staff augmentation to increase project completion rate, and create a pre-qualified TA pool, the Program offers a flexible plan to cost-effectively meet the diverse needs of SOC agencies and assets, and expand Program benefits.

The Program will achieve energy savings results through two primary pathways: Pathway 1 (P1) – Targeted Agency Support and Pathway 2 (P2) – General Agency Support. P1 invests in high-touch, customized strategic and engineering support for six state agencies, who have savings potential but are not being fully served through existing DGS and other ESCO offerings, have management support, and are committed to a minimum threshold of savings

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<sup>11</sup> Edward Randolph Letter to Erik B. Jacobson regarding "Approval of Energy Efficiency Independent Evaluators." August 31, 2018.

<sup>12</sup> Codified in Section 748.6 of the Public Utilities Code.

<sup>13</sup> Codified in Section 25403 of the Public Resources Code.

<sup>14</sup> Governor Brown's Executive Order B-55-18 To Achieve Carbon Neutrality: <https://www.gov.ca.gov/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf>

with the Program. Services and benefits include:

- Strategic planning with key stakeholders
- CC Fellow placement, or shared placement
- Remote portfolio analysis to prioritize assets for site investigations
- IDSM energy audits and RCx studies for large buildings; O&M training
- Multi-site, multi-measure retrofit strategies for smaller assets
- Project development and procurement support

P2 provides general Program support for any agency to help ensure their projects meet the California Public Utilities Commission (CPUC) policy compliance and qualify to receive incentives. Services and benefits include:

- Identification of highest priority Program support needs
- Review of ESCO- and TA developed audits and projects; eligibility review, and recommendations for IDSM integration opportunities
- Rebates and incentives for qualifying projects
- Program and policy training; presentations at Sustainability Working Group meetings
- Development of a pool of Program pre-qualified TAs that can deliver energy projects via utility OBF programs.

**Innovative Program Features:** The Program leverages successful elements of existing processes with innovations that drive more projects and savings across a variety of technology types at each State-owned facility. Key innovations include holistic and strategic energy concierge services, Staff Augmentation through CC Fellows, tiered delivery approaches, RCx and O&M training, financing and Incentives strategies, and for CDCR's master-metered campuses, installation of building submeters to view energy use and quantify actual savings using the NMEC pathway. The Program offers innovative delivery mechanisms, market approaches and technology solutions to enable broader agency participation, greater energy savings, and improved cost-effectiveness and persistence.

Innovative Feature	Benefit Rationale
<b>Tiered Delivery Approach</b>	Balances Program costs and saving impacts, maintaining lighter-touch quality assurance and technical support for TA-developed project channel while investing deeper technical support in underserved and committed agencies, high opportunity asset portfolios and underperforming large buildings.
<b>RCx and O&amp;M Training</b>	RCx, which will be available for any low-performing SOC building over 50,000 ft <sup>2</sup> , can commonly result in [REDACTED] savings from low-cost tune-ups and can be combined with retrofits for a comprehensive NMEC approach. Strategies to support data visibility and operational staff training will support savings persistence.
<b>Financing and Incentive Strategy</b>	Encouraging OBF versus project incentives frees up Program funds to 1) invest in enhanced DINI support services to generate incremental projects and 2) reserves incentives for projects and savings that may not otherwise happen.

<b>Staff Augmentation</b>	Program-funded CC Fellows offer P1 agencies a no-cost staffing solution to advance energy project planning and implementation, leading to an increase in new projects per agency over five years.
<b>Pre-qualified TA Network</b>	Increase market capacity to deliver Program identified SOC projects, ensures TAs can meet state, utility and agency requirements through qualification and training, result in efficient Program operations and savings delivery.
<b>Revolving Loan Fund</b>	Available to pre-qualified TAs at [REDACTED] eliminates increased TA project costs related to bridge financing [REDACTED] and eliminates customer delays related to self-funding construction costs
<b>Concierge Strategy</b>	Concierge strategy adds holistic IDSM view of entire portfolio to advocate for solutions that advance the goals of all entities. Concierge integrates innovative energy savings solutions, such as RCx, NMEC, and WWTPs, to help scope projects that will produce the best combination of EE, DR and other IDSM solutions that maximize IOU and CDCR benefits.
<b>Data Access Strategy</b>	Data access strategy of installing battery-powered submeters at select buildings provides a pathway for NMEC, energy use visibility, and coaching on best practices for affecting energy use. CDCR's master-metered campuses are currently unable to participate in NMEC. Battery-powered submeters provide an opportunity test the value of NMEC-based savings by overcoming infrastructure limitations to capture higher, currently untapped savings.
<b>High-opportunity Focus Strategy</b>	High-opportunity focus strategy targets non-lighting projects that have not historically been pursued. By targeting under-represented technologies, such as WWTP process optimization and RCx, deeper savings across more technology types will be achieved.
<b>Praxis Software</b>	[REDACTED]
<b>Building Controls Technology</b>	Targeted implementation of emerging technologies like grid-interactive building gateways and RCx strategies to capture incremental and persistent savings through MBCx and secure additional revenue and value through DR engagement.

Table A below lists the contract awarded following PG&E's SW SOC solicitation. Per D.18-01-004, since this contract has a term longer than 36 months and is valued above \$5 million, it requires CPUC approval via Tier 2 advice letter.<sup>15</sup> The subject of this advice letter is the AESC – Statewide State of California Energy Strategy and Support contract which is proposing to serve customers in the Public sector.

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<sup>15</sup> D. 18-01-004, p. 61, OP 2.

<b>Table A: Contract Resulting From PG&amp;E's SW SOCSolicitation</b>			
		<b>Budget (\$M)</b>	<b>Duration (months)</b>
<b>Public Sector</b>			
1.1	AESC Statewide State of California Energy Strategy and Support	\$18.9M	51

The following Table B provides a detailed contract summary for the contract that is the subject of this advice letter. PG&E has included the contract sensitive information as part of the Confidential Section D.

<b>Table B2.1 General Contract Summary – AESC Statewide State of California Energy Strategy and Support</b>		
1	Solicitation name	Third-Party Energy Efficiency Statewide State of California Program
2	Type of program: local, regional or statewide	Statewide
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream)	
	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
	B. Customer Targeting brief description, if applicable	N/A
	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify).	N/A
4	Market/Sector(s)	Public Sector
5	Customer Segment(s)	Institutional Market Segment
6	Third-Party Implementer/Subcontractor name	Alternative Energy Systems Consulting (AESC)
7	Name of program or service	Statewide State of California Energy Strategy and Support (SOC ESS)
8	Brief description of program or service (2-3 sentences)	SOC ESS helps California's State Agencies achieve energy, cost and GHG reductions through targeted strategic planning and project development support, staff augmentation services, trade ally market development, and rebates, incentives and financing.
9	Total kWh Energy Savings (First year, net) for each year contract in effect	

**Table B2.1 General Contract Summary – AESC**  
**Statewide State of California Energy Strategy and Support**

10	Total MW Energy Savings (First year, net) for each year contract in effect	
11	Total therms Energy Savings (First year, net) for each year contract in effect	
12	Hard to Reach (HTR) Customers. Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect	
13	Disadvantaged Community (DAC) <sup>2</sup> Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers from program over all years program in effect	

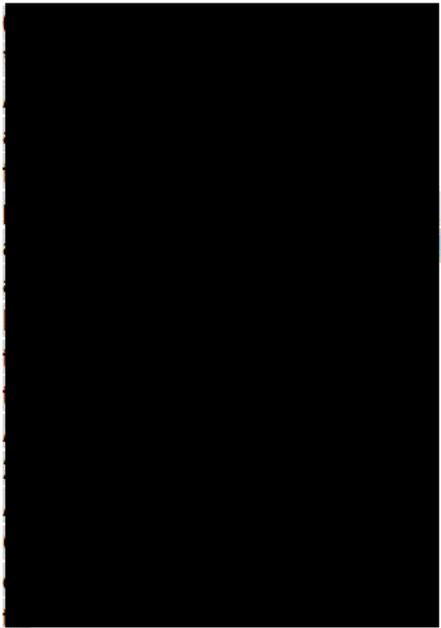
**Table B2.1 General Contract Summary – AESC**  
 Statewide State of California Energy Strategy and Support

14	Forecasted Number of Customers Served by Program Year	[REDACTED]
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	PG&E, SCE, SoCalGas, and SDG&E territories
16	Program TRC ratio (CET output)	[REDACTED]
17	Program PAC ratio (CET output)	[REDACTED]
18	Program \$/kWh (TRC levelized cost, CET output)*	[REDACTED]
19	Program \$/kWh (PAC levelized cost, CET output)**	[REDACTED]
20	Program \$/MW (TRC levelized cost, CET output)	N/A
21	Program \$/MW (PAC levelized cost, CET output)	N/A
22	Program \$/therm (TRC levelized cost, CET output)*	[REDACTED]
23	Program \$/therm (PAC levelized cost, CET output)**	[REDACTED]
24	Budget: Forecast budget by program year (PY) for each year contract in effect	[REDACTED]
25	Budget: Forecast expenditures by program year (PY) for each year contract in effect	[REDACTED]

**Table B2.1 General Contract Summary – AESC**  
**Statewide State of California Energy Strategy and Support**

26	Budget: Total Program Budget	\$18,883,821 (thru 12/31/2025), for a total of \$26,085,837 thru 2/28/2028 Per the Program Implementation Agreement Section 2.2(c), the Parties agree if the CPUC approves additional funding for PG&E's energy efficiency program portfolio that goes beyond 2025, and if such funding shall be available and authorized for paying Implementer's Program Services under this Agreement, the Parties will enter into a change order to extend the Program Term and Authorized Budget until February 28, 2028 and all other terms under this Agreement at the time of such Change Order shall remain the same, unless otherwise mutually and expressly agreed to.
27	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	\$500,000 (2% of total contract value)
28	Measure(s)	[REDACTED]
29	Savings Determination Type (i.e. custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	[REDACTED]
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	[REDACTED]
31	Contract start date and end date	09/01/2021* - 12/31/2025** *Estimated start date as CPUC approval is required. **Per the Program Implementation Agreement Section 2.2(c), the Parties agree if the CPUC approves additional funding for PG&E's energy efficiency program portfolio that goes beyond 2025, and if such funding shall be available and authorized for paying Implementer's Program Services under this Agreement,

**Table B2.1 General Contract Summary – AESC**  
**Statewide State of California Energy Strategy and Support**

		<p>the Parties will enter into a change order to extend the Program Term and Authorized Budget until February 28, 2028 and all other terms under this Agreement at the time of such Change Order shall remain the same, unless otherwise mutually and expressly agreed to.</p>
32	<p>Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and also include customer participation period.</p>	
33	<p>NAICS codes eligible for the program</p>	<p>Public Administration (NAICS Sector 92), Executive Offices (NAICS code: 921110), Legislative Bodies (NAICS code: 921120), Public Finance Activities (NAICS code: 921130), Executive and Legislative Offices, Combined (NAICS code: 921140)          Other General Government Support (NAICS code 921190), Courts (NAICS code: 922110)          Police Protection (NAICS code: 922120)          Legal Counsel and Prosecution (NAICS code: 922130)          Correctional Institutions (NAICS code 922140)          Parole Offices and Probation Offices (NAICS code 922150)          Fire Protection (NAICS code 922160)</p>

**Table B2.1 General Contract Summary – AESC**  
**Statewide State of California Energy Strategy and Support**

		<p>Other Justice, Public Order, and Safety Activities (NAICS code 922190)</p> <p>Administration of Education Programs (NAICS code: 923110)</p> <p>Administration of Public Health Programs (NAICS code: 923120)</p> <p>Administration of Human Resource Programs - except Education, Public Health, and Veterans' Affairs (NAICS code: 923130)</p> <p>Administration of Veterans' Affairs (NAICS code: 923140)</p> <p>Administration of Air and Water Resource and Solid Waste Management Programs (NAICS code: 924110)</p> <p>Administration of Housing Programs (NAICS code: 925110)</p> <p>Administration of Urban Planning and Community and Rural Development (NAICS code: 925120)</p> <p>Administration of Conservation Programs (NAICS code: 924120)</p> <p>Administration of General Economic Programs (NAICS code: 926110)</p> <p>Regulation and Administration of Transportation Programs (NAICS code: 926120)</p> <p>Regulation and Administration of Communication, Electric, Gas, and Other Utilities (NAICS code: 926130)</p> <p>Regulation of Agricultural Marketing and Commodities (NAICS code: 926140)</p> <p>Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors (NAICS code: 926150)</p> <p>International Affairs (NAICS code 928120)</p>
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\*  $Levelized\ TRC\ Cost\ (kWh) = \frac{\sum_{i=1}^n (TRC\ Cost_i + Weighted\ Elec\ Alloc_i)}{\sum_{i=1}^n (Discounted\ Savings\ Net\ kWh_i)}$        $Levelized\ TRC\ Cost\ (kWh) = \frac{\sum_{i=1}^n (TRC\ Cost_i + Weighted\ Elec\ Alloc_i)}{\sum_{i=1}^n (Discounted\ Savings\ Net\ kWh_i)}$

\*\*  $Levelized\ PAC\ Cost\ (kWh) = \frac{\sum_{i=1}^n (PAC\ Cost_i + Weighted\ Elec\ Alloc_i)}{\sum_{i=1}^n (Discounted\ Savings\ Net\ kWh_i)}$        $Levelized\ PAC\ Cost\ (Therm) = \frac{\sum_{i=1}^n [PAC\ Cost_i + (1 - Weighted\ Elec\ Alloc_i)]}{\sum_{i=1}^n (Discounted\ Savings\ Net\ Therm_i)}$

where: *i* is the CET output row and *n* is the number of rows in a CET output

## B. Solicitation Process Overview

### I. Solicitation Strategy & Design

As prescribed in D.18-01-004,<sup>16</sup> PG&E designed a two-stage solicitation process that included an initial RFA solicitation stage followed by an RFP solicitation stage. As lead PA, PG&E was looking for an EE program that could achieve immediate and long-term, persistent, and comprehensive energy savings for California State Agencies, while supporting the state's goals to deliver significant decarbonization in its operations and facilities. To provide bidders with flexibility, the RFA was open in scope to promote innovative program concepts.

PG&E consulted the non-lead IOU PAs when developing the scope and requirements for the SW SOC RFA and RFP. The non-lead IOU PAs were not involved in the evaluation of any abstracts or proposals. PG&E as Lead-IOU PA was solely responsible for the end-to-end administration of the solicitation process and evaluation of the program submissions.

Bidders shortlisted in the RFP were invited to participate in competitive contract negotiations to determine final contract awards. The use of competitive negotiations was borrowed as a best practice from PG&E's Energy Supply all-source procurements where assembling a portfolio solution from dissimilar project technologies with high levels of complexity is common.

Don Arambula Consulting was assigned as the Independent Evaluator (IE) to observe the solicitation. IE activities included the review of solicitation materials such as solicitation plans, solicitation language, evaluation criteria, solicitation procedural steps, solicitation scoring, and Contracts as well as monitoring of pre-bid meetings and Contract negotiations to assist in implementing fairness and consistency with State of California statutes and Commission policies, guidance, and the IOUs' approved business plans. The IE is listed below in *Figure 1 – PG&E EE Independent Evaluator Pool* along with their assigned area of responsibility in this solicitation. A weekly check-in call with the IE to discuss issues was the typical baseline engagement.

<b>Customer Sector</b>	<b>Organization / Company</b>	<b>Independent Evaluator</b>
Public	Don Arambula Consulting	Don Arambula

### II. Solicitation Stage 1: Detailed RFA Overview

The purpose of the RFA was to collect, evaluate, and identify high potential program concepts and advance those program concepts to the RFP stage of the solicitation. The rest of this section describes in detail the execution of PG&E's SW SOC RFA process. A

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<sup>16</sup> D.18-01-004, p. 57, Conclusion of Law (COL) 5.

detailed RFA solicitation timeline can be found in *Figure 10 – RFA and RFP Solicitation Process Events*.

**RFA Scope & Structure:** The RFA scope was intentionally broad to promote innovative cost-effective public sector program concepts. The RFA encouraged bidders to propose a program that helped meet the state’s decarbonization goals through energy efficiency projects at State facilities and include solutions for known market and industry barriers to State Agency participation. Abstracts needed to demonstrate the flexibility to address climate zones, varying agency procurement and budgeting constraints, and variety of facility types within the scope of the proposal.

**RFA Eligibility:** The RFA was open to innovative program designs which employed new program configurations and were capable of serving the State across all IOU territories. Bidders could submit multiple program ideas. Each submission was limited in length to reduce the burden on solicitation participants to respond and to promote the efficient evaluation of the program submissions.

**RFA Submission Format:** A complete RFA submission consisted of two documents; a Narrative Response Form which was provided as a pre-formatted Microsoft (MS) Word document collecting text question responses and a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitate automated data extraction for quantitative analysis. PG&E worked collaboratively with the IE during RFA development to:

- Minimize the information requested in the RFA stage;
- Ensure that the information collected was utilized appropriately;
- Confirm that the instructions were clear; and
- Confirm the RFA forms were simple, understandable, and complete.

PG&E required bidders register and use the solicitation management platform PowerAdvocate when submitting documents or questions to PG&E.

**RFA Evaluation Criteria:** The RFA prompted bidders to provide descriptions of the proposed program design, innovative program features, team qualifications and prior program experience. *Figure 2 – PG&E SW SOC RFA Evaluation Criteria* lists the various criteria and sub-criteria used to evaluate abstract submissions.

FIGURE 2 – PG&E SW SOC RFA Evaluation Criteria	
RFA Scoring Criteria	Sub-Criteria
Program Design and Innovation	Program Design and Theory Alignment with Desired Outcomes Program Plan Innovation, including IDSM

Team Experience and Qualifications	Team Composition and Qualifications Prior Implementation Experience
Cost and Performance	Program Budget and Costs Compensation Structure Estimated Energy Savings

Each abstract submission received the same evaluation regardless of whether the Bidder proposed to serve all State agencies or just a select few. Following evaluation of the RFA, participants with sufficiently high scoring abstract submissions were notified that they were shortlisted in the RFA and advanced further in the solicitation process.

**RFA Final Document Review:** In the months leading up to RFA launch, PG&E presented to the PRG its solicitation strategy, RFA structure, and evaluation approach for feedback. In April 2020, PG&E presented to the PRG the completed RFA solicitation documents including the solicitation instructions, the scoring criteria, criteria weighting, and the two RFA response forms. During the final document review process, PG&E collected feedback from IOUs, IEs and the PRG regarding the overall RFA process and the RFA solicitation documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received during the RFA document review can be found in section 1.C.IX.

**RFA Launch:** PG&E issued its SW SOC RFA solicitation on May 13, 2020 as planned. PG&E uploaded all RFA solicitation documents to PG&E's EE Solicitations website where they were available for download without needing to register in PowerAdvocate. PG&E raised awareness of the solicitation launch by posting a Contract Opportunity Announcement (COA) to the California Statewide IOU EE Proposal Evaluation & Proposal Management Application (PEPMA) website, the California Energy Efficiency Coordinating Committee (CAEECC) website, and relevant CPUC service lists.

**RFA Bidders Conference:** The RFA Bidders' Conference was held on May 21, 2020 via webinar and 77 participants (inclusive of utility and Commission personnel) attended the conference via WebEx. Don Arambula Consulting provided feedback on the presentation materials prior to the conference and monitored the discussion during the event for accuracy and fairness.

**RFA Question and Answer Period:** The deadline for bidders to submit written questions to PG&E via the PowerAdvocate platform was May 27, 2020. PG&E received 28 questions from bidders. PG&E uploaded responses to questions in PowerAdvocate for all bidders to access on June 1, 2020. High level observations of the questions received can be found in section 1.C.VIII.

**RFA Evaluation Team Training:** The PG&E evaluation team was a committee composed of seven PG&E evaluators who had a broad understanding of residential and non-residential

new construction EE programs, as well as understanding of C&S. Reviewers were screened for potential conflicts of interest before placement on the evaluation committee. Prior to receiving abstracts for evaluation, PG&E conducted a training session on June 19, 2019 with the evaluation team and IEs to provide an overview of the evaluation process steps, an orientation to the RFA scorecard, and guidance on how to apply the scoring criteria consistently and fairly.

**RFA Submission and Validation:** On June 24, 2020, PG&E received 12 Abstracts from 11 unique counterparties submitted through the PowerAdvocate platform. Prior to scoring, each Abstract was reviewed for conformance with solicitation eligibility requirements. One abstract was screened for being a generic sales sheet and one abstract was screened due to submission being 100% non-resource. A breakdown of the abstracts received by sector can be found below in *Figure 3 – Breakdown of Abstracts Received*. Abstracts were grouped by the customer sector they focused on.

<b>FIGURE 3 – Breakdown of Abstracts Received</b>			
<b>Customer Sector</b>	<b>Abstracts Received</b>	<b>Non-Conforming</b>	<b>Abstracts Evaluated</b>
Public	12	2	10

**RFA Evaluation:** The abstract evaluation process started on June 29, 2020 and lasted and lasted for 2.5 weeks. Each Abstract was reviewed against the 9 Tier-2 Criteria: Program Design and Theory, Alignment with Desired Outcomes, Program Plan, Innovation, including IDSM, Team Composition and Qualifications, Prior Implementation Experience, Program Budget and Costs, Compensation Structure, and Estimated Energy Savings. For each abstract, PG&E evaluation team members individually assigned a preliminary score for each of the 9 evaluation criteria. IEs performed a parallel evaluation of each abstract.

**RFA Calibration:** PG&E applied the same RFA evaluation process used in the local multi-sector solicitation originally presented to PRG in February 2019. After RFA evaluation, PG&E conducted calibration discussions across all scoring criteria and finalized abstract scores. Preliminary scores from the PG&E evaluation team members and the IEs were collected and compared. Calibration discussions were an opportunity to discuss points of disagreement observed in scoring and evaluation team members could adjust preliminary scores based on the insights shared by others. The IE participated in these calibration meetings and also monitored to ensure the discussion did not impart unfair bias for/against any Bidder. The process prioritized discussions on criteria with scores (including IE scores) with a total range of more than 2 between the maximum and minimum score. While the outcome of scoring calibration did not yield any significant shifts in the overall lineup, the discussions proved quite valuable in sharing knowledge across different teams and provided full transparency of the process to the IE.

**RFA Final Scores:** After the calibration discussions concluded, any scoring adjustments were recorded, and final abstract scores were calculated. Final scores only considered

PG&E evaluation team scores and did not include any IE scores in the calculation.

**RFA Shortlist:** The process for shortlisting proposals was straightforward with PG&E advancing the highest scoring abstracts. PG&E did not have a predetermined number of submissions to advance and instead looked for natural breaks in the scoring to determine the shortlist. A breakdown of the shortlisted abstracts can be found below in *Figure 4 – PG&E SW SOC RFA Shortlist*.

<b>FIGURE 4 – PG&amp;E SW SOC RFA Shortlist</b>					
<b>Customer Sector</b>	<b>Abstracts Received</b>	<b>Non-Conforming</b>	<b>Abstracts Evaluated</b>	<b>Shortlisted in RFA</b>	<b>Advancing to RFP</b>
Public	12	2	10	6	6

PG&E dismissed 4 abstracts from the RFA and shortlisted 6 abstracts yielding an overall pass rate of 60% for the RFA. PG&E advanced all 6 abstracts to the subsequent RFP stage.

### **III. Solicitation Stage 2: Detailed RFP Overview**

The purpose of the RFP was to conduct a comprehensive evaluation of each program proposal and identify a shortlist to advance to contract negotiations. The rest of this section describes in detail the execution of PG&E’s SW SOC RFP process. A detailed RFP solicitation timeline can be found in *Figure 9 – RFA and RFP Solicitation Process Events*.

#### **RFP Scope & Structure:**

Due to California’s ambitious energy and Greenhouse Gas (GHG) policy goals, the RFP scope focused bidders to propose programs that deliver immediate and long-term, persistent, comprehensive energy savings, demand reduction, and carbon emissions reduction results for California State Agencies, helping the agencies meet energy reduction and decarbonization targets.

Based on the Abstracts submitted by Bidders in response to the Statewide State of California RFA, the RFP incorporated refinements that encouraged Bidders to consider how they could further enhance their programs to help IOUs and State Agencies meet their common goals for energy savings, decarbonization, and greenhouse gas emissions reductions. Bidders were instructed to generally retain the program designs embodied in their abstracts. In addition, PG&E received agreement from the other non-lead IOUs to double the available budget from \$2.5M/annually in the RFA up to \$5M/annually in the RFP. All Bidders were allowed to scale their program to reflect the additional budget.

To calculate program cost effectiveness, bidders were asked to utilize the CPUC’s approved Cost Effectiveness Tool (CET).

**RFP Eligibility:** Participation in the RFP was by invitation only and limited to bidders of the

6 abstracts shortlisted in the previous RFA stage.

Additional eligibility requirements included disclosing any potential conflict of interest as an IOU affiliate or any involvement as a CA EM&V program evaluator.

**RFP Submission Format:** A complete RFP submission consisted of a Narrative Response Form which was provided as a pre-formatted MS Word document collecting text question responses, a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitated automated data extraction for quantitative analysis, a complete set of program Cost Effectiveness Tool (CET) output files, team resumes, a transmittal letter, an Experience Modification Rate (EMR) Letter, a Supply Chain Responsibility Exhibit, and lastly the direct entry of Supply Chain Responsibility information into the PowerAdvocate platform.

**RFP Evaluation Criteria:** In the RFP, bidders were requested to submit a program proposal that provided a comprehensive understanding of the program including a detailed description of Program Design and Logic Model, Desired Outcomes, Customer Acquisition, Program Innovation and IDSM Program Features, Program Management, Risk Management, Savings Measurement, Workforce Compliance Requirements, Payment Structure, KPI, Customer Incentives and Financing, Energy Savings, Cost Effectiveness, DAC Benefits, Team Composition and Roles, and Diverse Business Enterprise. *Figure 5 – PG&E SW SOC RFP Evaluation Criteria* lists the various sub-criteria used to evaluate each proposal submission.

FIGURE 5 – PG&E SW SOC RFP Evaluation Criteria	
RFP Scoring Criteria	Sub-Criteria
Program Design	Program Design and Logic Model Desired Outcomes Customer Acquisition Program Innovation and IDSM Program Features
Program Feasibility	Program Management Risk Management Savings Measurement Workforce Compliance Requirements
Program Benefits	Payment Structure KPI Customer Incentives and Financing Energy Savings Cost Effectiveness DAC Benefits
Company Qualifications	Team Composition and Roles
Supply Chain Responsibility	Diverse Business Enterprise

**RFP Final Document Review:** In the months leading up to RFP launch, PG&E presented the SW SOC RFP structure, refined program function detail, and RFP scoring methodology to IOUs, IEs, and the PRG for early feedback. During the process, PG&E collected comments regarding the overall RFP process and the RFP documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received during the RFP document review can be found in section 1.C.IX.

PG&E submitted the completed RFP solicitation documents, including the solicitation instructions, the scoring criteria and weighting, and the narrative and data response forms, for PRG's final review prior to the issuance of the RFP.

**RFP Launch:** PG&E issued the SW SOC RFP solicitation on September 9, 2020. Since participation in the RFP was by invitation only, PG&E notified bidders of the RFP directly via the PowerAdvocate platform and did not broadly circulate a contract opportunity announcement as was done for the RFA. As this was a 'closed' solicitation, PG&E provided all RFP solicitation documents to bidders through the PowerAdvocate platform only.

**RFP Bidders Conference:** The RFP Bidders' Conference was held on September 21, 2020 via webinar, and 27 participants (inclusive of utility and Commission personnel) attended the conference via WebEx. IEs reviewed the presentation materials prior to the conference and monitored the discussion during the event for accuracy and fairness.

**RFP Question and Answer Period:** The deadline for bidders to submit written questions to PG&E via the PowerAdvocate platform was September 25, 2020. In total, PG&E received 25 questions from bidders. PG&E uploaded the final Bidder Q&A Log to PowerAdvocate on September 29, 2020 for all bidders to access. High level observations of the questions received can be found in section 1.C.VIII.

**RFP Evaluation Team Training:** The PG&E RFP evaluation team consisted of 4 evaluators focused on the areas of program management, engineering and energy savings platforms, and customer account support. Prior to receiving proposals for evaluation, PG&E conducted a training session with the evaluation team and IEs to provide an overview of the evaluation process, orientation to the scorecard, and guidance on how to apply the scoring criteria consistently and fairly.

**RFP Submission and Validation:** On October 21, 2020, PG&E received 4 proposals from 3 unique counterparties. Each proposal was reviewed for conformance with solicitation eligibility requirements prior to scoring. No proposals were rejected due to non-conforming with eligibility requirements. 6 proposals were invited to submit during the RFP phase, however, one bidder withdrew due to COI and one Bidder chose not to submit without providing a reason. A breakdown of the proposals received can be found below in *Figure 6 – Breakdown of Proposals Received*.

FIGURE 6 – Breakdown of Proposals Received			
Invited	Proposals Received	Non-Conforming	Proposals Evaluated
6	4	0	4

**RFP Cure Period:** After the RFP was closed, PG&E reviewed bidders’ CETs and provided feedback to each bidder on their CET output files and the program’s underlying assumptions. Each bidder was provided with one opportunity to submit a revised CET based on the feedback provided. The objective of the cure period was to provide feedback to bidders to improve the quality of their submissions, and the revised CETs were considered in the final evaluation and scoring of the proposals.

**RFP Evaluation:** Individual scoring of proposals started in October and lasted for 6 weeks which included the RFP Cure Period. Each proposal was reviewed against the evaluation criteria and sub-criteria listed in *Figure 5 – PG&E SW SOC RFP Evaluation Criteria*. PG&E evaluation team members individually assigned a preliminary score for each sub-criterion within their area of specialization. IEs performed a parallel evaluation of each proposal within their assigned sectors.

**RFP Calibration:** PG&E conducted calibration discussions across all scoring criteria and finalized proposal scores. Preliminary scores from the PG&E evaluation team members and the IE were collected and compared. Calibration discussions were an opportunity to discuss points of disagreement observed in scoring and evaluation team members could adjust preliminary scores based on the insights shared by others. The IE participated in these calibration meetings and also monitored to ensure the discussion did not impart unfair bias for/against any Bidder. The process prioritized discussions on criteria that exhibited high levels of disagreement and were limited to proposals with sub criteria scores (including IE scores) with a range between the maximum and minimum score of 2 or greater. The calibration discussions were significant and lasted 3 hours, but ultimately, the discussions did not substantively change the outcome.

**RFP Final Scores:** After the calibration discussions concluded, any scoring adjustments from PG&E evaluation team members were recorded and final proposal scores were calculated. Final proposal scores only considered PG&E evaluation team scores and did not include any IE scores.

**RFP Shortlist:** On December 22, 2020, PG&E presented the RFP shortlist to the PRG and discussed the proposed shortlisting approach. PG&E’s approach was straightforward with the top 2 Bidders advancing to negotiations.

A breakdown of the shortlisted proposals by can be found below in *Figure 7 – PG&E SW SOC RFP Shortlist*. PG&E dismissed 1 proposal from the RFP and requested one bidder

with 2 separate proposals to combine into one for negotiations.

FIGURE 7 – PG&E SW SOC RFP Shortlist			
Proposals Received	Non-Conforming	Proposals Evaluated	Bidders Advancing to Negotiations
4	0	4	2

#### IV. Contract Negotiation Overview

**Negotiations – Contracting:** Prior to detailed negotiations over price and terms, PG&E asked for additional information from the 2 finalists with a focus on program-related topics. Both bidders were provided the same program-related questions and both bidders were given the same amount of time to respond and present their responses. Bidders provided written responses and made a presentation to the PG&E evaluation team. Based on this additional information PG&E moved into detailed negotiations with one Bidder.

PG&E’s EE Program Implementation Agreement (PIA) served as the starting point for detailed negotiations of an executable agreement. The contract form included flexible annual program realignment provisions and a performance contract management framework. The contract was reviewed by the IE and presented to the PRG in the December 2020 monthly meeting. In contract negotiations, PG&E and bidders engaged in detailed discussions of pricing & compensation, performance contracting terms, key performance indicators (KPIs), program scope and budget, and other proposed changes to modifiable contract terms.

Final contract award occurred when both parties were able to reach mutually agreeable terms and that agreement also provided the best overall available benefits to California customers while effectively managing program delivery risk. PG&E holistically considered the proposed program benefits, overall program cost effectiveness, adoption of performance contracting terms, the inclusion of program innovation, historical Bidder team experience, and overall risk mitigation approaches when making final contract award determinations.

As SW SOC negotiations were concluded, PG&E came to agreement on terms with AESC. The contract will be allocated to PG&E’s 60 percent outsourcing compliance requirement ahead of the December 31, 2022 deadline.<sup>17</sup>

#### V. Solicitation Timelines

The following figure depicts the planned timeline of solicitation events for PG&E’s SW SOC RFA and RFP compared to the actual timeline with notes on when and why deviations occurred.

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<sup>17</sup> D.18-01-004 p. 61 OP. 1a

**FIGURE 8 – RFA and RFP Solicitation Process Events**

<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Material Development</b> Developed solicitation materials, evaluation criteria and definitions, and reviewed by IEs and PRG members.	Q1 2020	Q1 2020	
<b>RFA Issued</b> RFA documents were available to bidders on PG&E's EE Solicitation Website as well as PowerAdvocate for download.	April 2020	May 13, 2020	Start SW SOC solicitation - Stage 1
<b>RFA Pre-Bid Conference</b> Conference made available via webinar to all interested participants. Registration was not required to attend this event.	Mid-May 2020	May 21, 2020	77 people attended via WebEx (inclusive of utility and Commission personnel).
<b>RFA Q&amp;A Deadline</b> Deadline to submit written questions to PG&E in PowerAdvocate.	End-May 2020	May 27, 2020	
<b>PG&amp;E Q&amp;A Response Deadline</b> Deadline to respond to bidders' questions.  bidders had access to all written questions and to PG&E's responses in PowerAdvocate.	June 2020	June 1, 2020	PG&E responded to 28 questions from potential bidders.
<b>Abstract Submission Deadline</b> Abstract submission due date. Registration in PowerAdvocate was required to submit an Abstract to PG&E.	End-June 2020	June 24, 2020	
<b>RFA Evaluation and Scoring</b> Scoring and Calibration	July, 2020	June 29 – July 15, 2020	
<b>RFA Shortlist Finalized</b>	Late-July 2020	Late-July 2020	

<b>FIGURE 8 – RFA and RFP Solicitation Process Events</b>			
<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Shortlist Presented to PRG</b>	Late-July 2020	July 28, 2020	
<b>RFA Shortlist Notification</b> Bidders were notified whether their Abstract(s) were shortlisted through PowerAdvocate.	August 2020	August 10, 2020	5 Bidders (6 bids) were notified that their Abstract was advancing.
<b>RFP Material Development</b> Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IEs and PRG members.	July – August 2020	July – August 2020	
<b>RFP Issued</b> RFP documents were available to bidders in PowerAdvocate for download.	September 2020	September 9, 2020	Bidders were notified that the RFP was launched.
<b>RFP Pre-Bid Conference</b> Pre-Bid Conference event registration and webinar access instructions available in PowerAdvocate.	September 2020	September 21, 2020	27 people attended via WebEx (inclusive of utility and Commission personnel).
<b>RFP Q&amp;A Deadline</b> Written questions regarding the RFP were due to PG&E in PowerAdvocate.	September 2020	September 25, 2020	PG&E received 25 questions in total.
<b>PG&amp;E Q&amp;A Response Deadline</b> Bidders had access to review PG&E's responses to all written questions submitted in the RFP.	October 2020	September 20, 2020	PG&E uploaded the responses to 25 questions to PowerAdvocate.

<b>FIGURE 8 – RFA and RFP Solicitation Process Events</b>			
<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>Proposal Submission Deadline</b> Bidders Proposals submission due date. Registration in PowerAdvocate was required to submit a Proposal.	October 2020	October 21, 2020	
<b>RFP Cure Period</b> Bidders had one opportunity to submit a revised CET.	November 2 – 13, 2020	November 10 – 16, 2020	
<b>RFP Evaluation and Scoring</b> Scoring and Calibration	October and November 2020	October 28 – December 4	PG&E scored 4 Proposals. This period includes the CET Cure Period.
<b>RFP Shortlist Presented to PRG</b>	December 2020	December 22, 2020	2 Bidders (3 Proposals) advanced to negotiations.
<b>Contract Negotiations</b>	January – March 2021	January – April 2021	
<b>Contract presented to PRG</b>	March 2021	April 27, 2021	
<b>Execute Agreements</b> Parties negotiations and successful agreement with counterparties reflected in executed Agreements	May 2021	June 8, 2021	PG&E executed 1 contract resulting from SW SOC RFP.
<b>Advice Letter</b> PG&E filed Advice Letters	Late-June 2021	June 24, 2021	

## **VI. Solicitation Marketing Outreach**

To generate awareness of upcoming solicitation contracting opportunities in advance of a solicitation, PG&E utilized the following information distribution channels:

- PG&E Bidding Opportunities website
- PG&E EE Third-Party Solicitations website
- California Statewide IOU Energy Efficiency Proposal Evaluation & Proposal

Management Application (PEPMA) website

- California Energy Efficiency Coordinating Committee (CAEECC) website
- CPUC service lists (R. 13-11-005, A. 17-01-013, A.17-01-012)

**VII. Efforts to increase bidder’s awareness of the process and the tools/platforms used to communicate this opportunity.**

In addition to the outreach and education efforts discussed in section 1.C.VI, PG&E also strived to improve awareness and engagement with the solicitation process in the following ways:

- EE resources were provided on PG&E’s EE Solicitations website “Resources” tab.

PG&E collected relevant EE reference materials on important CPUC Decisions, policies and other CA legislation, PG&E’s EE Portfolio, PG&E’s solicitation strategy, and PG&E’s Energy Savings Platform Rulebook.

- RFA Solicitation documents posted to PG&E EE Solicitations website

PG&E made all RFA documents available on the PG&E EE Solicitations website when launching the RFA. This allowed any interested party to easily access and review the solicitation documents without having to register within Power Advocate. PG&E will post original RFP documents to the EE Solicitation website after the SW SOC contracting is concluded.

**VIII. Communications with Bidders**

Whenever possible, communications between PG&E and bidders was managed within the PowerAdvocate platform. Use of a single communications platform during a solicitation reduces the risk of conflicting information being shared in different venues, maintains a complete record of communications, and allows easy access for IEs to monitor discussion for bias. Communications with bidders in this process can broadly be categorized into two types: one-way communications and two-way communications. One-way communications were typically informational messages, instructions, or status updates from PG&E to the bidders that did not require a response beyond acknowledgement of receipt. Examples of one-way communications with bidders included mid-process status updates, and shortlist notifications. Two-way communications most often took the form of a question which required a response or a request for additional information. Most two-way communications occurred during the RFA Q&A period, the RFP Q&A period, the CET Review.

**(a) RFA Question Themes Observed**

At the RFA stage, PG&E received 28 questions from bidders and observed that the

questions focused on submission process and unique aspects of the RFA. In particular, the following themes were observed by PG&E in the RFA questions:

- **SW SOC RFA Process and Instructions:** Clarification of the annual budget, program term, cost allocation, submitting documents, and registering to participate in PowerAdvocate;
- **Customer Data and Energy Usage:** Clarification on what types of data and the granularity of data available to Bidders.

**(b) RFP Question Themes Observed**

In the RFP, PG&E observed the following question themes:

- **RFP Documents:** Clarification on submission requirements, and acceptable formatting of forms, preferred number of KPIs;
- **CET:** How to capture benefits across 4 IOUs in the CET, CET inputs, Net to Gross ratios;
- **Cross-IOU Coordination:** Program governance, how successful Bidder will interact with non-lead IOUs on data, account support, etc.

PG&E provided responses to these questions during the Q&A period of the solicitation.

**(c) Other Key Communication Points**

PG&E would like to point out several other major topics that required a tailored communication approach:

**Performance Contracting Framework:** In parallel with this significant solicitation effort, PG&E was also giving its standard EE Contract a significant overhaul to address prior known issues of vendor performance and accountability. The updated contract terms were shared with the IEs and the PRG in advance of detailed contract negotiations.

Significant time was taken during the initial negotiation kickoff meetings to walk bidders through the new proposed framework and PG&E provided detailed definitions and an excel tool to demonstrate how to model each term.

## **IX. Independent Evaluators**

PG&E engaged one IE from the Commission's approved list of IEs for this SW SOC RFA/RFP process.

PG&E engaged the IE throughout the solicitation process. IE feedback was openly received, considered, and discussed. The principle areas of engagement with IEs included:

- Review of solicitation documentation before the solicitation was issued;

- Independent evaluation of the abstract and proposal submissions;
- Shortlist development;
- Monitoring communications, feedback calls, and contract negotiations with bidders;
- Reporting to the PRG and participation in monthly PRG meetings.

The final IE Contract Report<sup>18</sup> is provided as Public Attachment A, and the supplemental final IE Contract Report is provided as Confidential Appendix A.

**(a) Summary of IE input in RFA**

Throughout the development of the RFA solicitation materials and during the review of final solicitation documents, IEs recorded in a comment tracker all input and recommendations to: the general instructions and response forms; scoring criteria and weightings; and alignment between the scoring criteria and solicitation documents; and attended the Pre-Bid conference; and monitored communications with bidders and PG&E responses to bidder questions. PG&E generally accepted or partially accepted IE and PRG feedback. A summary of overall IE observations that PG&E incorporated into the RFA process included the following:

- Combining Innovation and IDSM as Evaluation criteria in RFA;
- Increased emphasis on the importance of aligning with State desired outcomes and needs
- Adjusted RFA scoring criteria shifting weight between company experience and program design and innovation.

**(b) Summary of IE input in RFP**

Throughout the development of the RFP solicitation materials and during the review of final solicitation documents, IEs recorded in a comment tracker all input and recommendations to: the general instructions and response forms; the contract term sheet, scoring criteria and weightings; alignment between the scoring criteria and solicitation documents; and attended the Pre-Bid conference; and monitored communications with bidders and PG&E responses to bidder questions. PG&E generally accepted or partially accepted IE and PRG feedback. A summary of overall IE observations that PG&E incorporated into the RFP process included the following:

- Increase funding above what was initially proposed (\$2.5M up to \$5M)
- Revisions to scoring criteria and weighting;
- Reduction in the number of questions mapped to a specific criteria;

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<sup>18</sup> "Given that we are not requiring that all third-party contracts be submitted for formal approval by the commission, we will require a formal IE report to accompany only those contracts required to be submitted via a Tier 2 advice letter." D. 18-01-004 p. 37.

- Revisions to general instructions, narrative and data response forms to improve clarity and completeness;
- Thoughtful input to the training of evaluation team members in advance of proposal scoring.

(c) Summary of IE input in Negotiations

The IE reviewed the draft contract forms prior to kicking off contract negotiations. The IE also monitored communications between PG&E and bidders during Contract Negotiations to ensure discussions were conducted fairly. During the CET review, the IE monitored communications between PG&E and bidders.

## 2. TRANSITION PLAN FROM EXISTING TO NEW PROGRAM

PG&E summarizes the transition from similar existing programs serving the SW SOC public sector to the new third party implemented program in *Figure 9 – Transition Plan* below. If the existing program is being fully replaced, the table defines the replacement programs; both new third party implemented program and existing programs. Existing programs that will not transition to the new third party implemented program have been identified as “Not Replaced” in the table below.

Figure 9: Transition Plan from existing IOU programs to the new statewide third-party implemented program.

Transition Plan to New 3P SW State of California Program	EXISTING CUSTOMER PROGRAMS			
	PrgID	Program Name	Program Common Name	Subsector
Full Replacement by following programs:  <b>AESC – SOC ES&amp;S</b>	PGE2110013			
	SCE-13-L-003F	State of California Partnership	SOC Statewide Partnership	Public
	SDGE3273			
	SCG3741			
	PGE2110014			
	SCE-13-L-003B	Department of Corrections Partnership	DOC Statewide Partnership	Public
	SDGE3270			
	SCG3738			

### **3. CONFIDENTIALITY**

In support of this advice letter, PG&E provides the following confidential information: executed Third-Party Implementer Energy Efficiency Program contracts, information about the participants and offers submitted in response to PG&E's SWSOC RFP including the evaluation and analysis of the value of such offers, information and program metrics, financial and performance statistics of the parties, and the confidential results of the solicitation.

A Declaration Seeking Confidential Treatment is submitted in support of this advice letter, as required by D. 08-04-023, to demonstrate the confidentiality of material and to invoke the Commission's protection of confidential utility data and information provided under D.06-06-066 (see, Appendix 1, ("IOU Matrix")) and Appendix C D. 08-04-023 or General Order 66-D.

#### **Confidential Attachments:**

Confidential Appendix A: Independent Evaluator Report (Redacted version included with public submittal)

Confidential Appendix B: Solicitation Process Overview

Confidential Appendix C: SW SOC Selection

Confidential Appendix D: Third-Party Contract Summary

- a) Table 1 Contract Summary
- b) Table 2 and 3
- c) Table B1 (Redacted version included with public submittal)

Confidential Appendix E: Third-Party Contract

# **Public Attachment A**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Energy Efficiency Independent Evaluator's Final Report**

**(Redacted)**

June 24, 2021

# **Energy Efficiency Independent Evaluator's Final Report**

## **Pacific Gas and Electric Company Statewide California Partnership Solicitation**

Contract: Alternative Energy Systems Consulting, Inc.

*Prepared by:*  
Don Arambula Consulting



June 2021

Pacific Gas and Electric Company  
Statewide California Partnership Solicitation

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## *Executive Summary*

Pacific Gas and Electric Company (PG&E or the Company), as the lead Program Administrator, conducted a competitive program solicitation to find and fund a new Statewide California Partnership program. The California Public Utilities Commission's (CPUC) identified PG&E as the lead IOU for the Statewide California Partnership on behalf of all California investor-owned utilities (IOUs) including San Diego Gas & Electric, Southern California Edison, and Southern California Gas Company.<sup>1</sup> This solicitation enables PG&E, and the funding California IOUs, to comply with the CPUC requirement to solicit for third-party energy efficiency programs proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility Program Administrator.<sup>2</sup> The solicitation resulted in the selection of **Alternative Energy Systems Consulting's Statewide State of California Energy Strategy and Support (SOC ESS or SOC) Program**.

The Final Independent Evaluator Report (IE Report) provides a final assessment of PG&E's third-party energy efficiency (EE) program solicitation process and executed contract (Contract) between the IOU and the program implementer. The Report is provided by Don Arambula Consulting, Independent Evaluator (IE), assigned to monitor the PG&E's Statewide California Partnership solicitation. The Report addresses PG&E's Contract with **Alternative Energy Systems Consulting, Inc's (AESCI)**, the proposed program implementer for the new Statewide California Partnership.

### **Statewide State of California Energy Strategy and Support Program Summary**

The implementer-designed Statewide SOC ESS (or SOC) Program will target all California agencies under the Executive and Judicial branches of state government including the California Department of Corrections and Rehabilitation (CDCR). SOC ESS Program offers multiple engagement pathways and an integrated approach to energy efficiency strategy, planning, procurement, and implementation to support the state's energy efficiency and decarbonization goals. California's state agencies have the potential to significantly increase energy efficiency (EE) and reduce greenhouse gas (GHG) emissions with a targeted energy strategy, support, and incentives provided through IOU ratepayer-funded EE programs. To meet these needs, the SOC ESS Program is designed to address key barriers to energy savings that this customer faces. The SOC ESS Program offers flexibility to cost-effectively meet the diverse needs of California state agencies by identifying and developing EE projects with targeted engineering support and a pre-qualified trade ally network.

The IE Report addresses each aspect of the solicitation from the initial RFA development through contract execution. Table 2.2 lists key recommendations and observations made throughout the Report. The recommendations include potential improvements to the solicitation process as well as recommendations related to the implementation of the Contract.

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<sup>1</sup> Decision 18-05-041, OP 26.

<sup>2</sup> Decision 16-08-019, OP 10.

The following is a summary of the program's goals as represented in the Contract:

Program Overview	
Energy Efficiency Budget:	[REDACTED]
DSM Budget:	[REDACTED]
Total Program Budget:*	[REDACTED]
TRC Ratio:	[REDACTED]
kWh Savings (annualized, net)	[REDACTED]
kW Demand Reduction (net)	[REDACTED]
Therm Savings (annualized, net)	[REDACTED]
Acquisition Cost (\$/kWh, net):	[REDACTED]
Net TRC Benefits	[REDACTED]
Disadvantaged Communities Goal:	[REDACTED]
Diverse Business Enterprise Goal:	[REDACTED]
Contract Duration:	51 months (est.)
Program Launch:	Q3 2021
* - Program is planned to extend to 3/31/28 upon CPUC funding approval.	

## 1. Solicitation Overview

This Final IE Report summarizes the solicitation process for the Statewide California Partnership solicitation and provides the IE's assessment of the solicitation from the development of the draft RFA through the Contract execution. Due to the Contract value (i.e., >\$5 million) and Contract length (i.e., > 3 years), this Contract requires a Final IE Report to be submitted along Tier 2 advice letter filing including. This Final IE Report will also be presented to the IOU's PRG.

### 1.1. Overview

The California investor-owned utilities (IOU) are required to file a Tier 2 advice letter seeking the CPUC's approval of any proposed energy efficiency third-party contract with a value of \$5 million or greater and/or that has a contract term longer than three years.<sup>3</sup> The IOU is required to include in the advice filing a Final IE Report on each executed energy efficiency third-party contract and the corresponding program solicitation process.<sup>4</sup> Also, a Final IE Report is provided to the IOU's Energy Efficiency Procurement Review Group (PRG) regardless of contract value.<sup>5</sup>

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. In January 2018, the CPUC adopted Decision 18-01-004 requiring the four California IOUs to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over a three-year period. Further directions were included in Decision 18-05-041, which stated:

*The third-party requirements of Decision (D.)16-08-019 and D.18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.<sup>6</sup>*

On November 5, 2019, PG&E requested the CPUC for an extension to June 30, 2020 to meet the 25 percent requirement to allow for sufficient time for a detailed and thoughtful contract negotiation stage for its Local Multi-Sector Request for Proposal (RFP). In November 2019, the CPUC granted PG&E's request for extension of time to meet the 25 percent threshold by June 30, 2020.<sup>7</sup>

The CPUC further stated that, consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their EE portfolios under contract for programs designed and implemented by third parties by December 31, 2020. The CPUC noted in granting the extension request that no further extensions of time would be granted to the IOUs for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of Decision 18-05-041.

### Two-Stage Solicitation Approach

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third

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<sup>3</sup> Decision 18-01-004, OP 2.

<sup>4</sup> Id, OP 5.d.

<sup>5</sup> Id, OP 5.b.

<sup>6</sup> Decision 18-05-041, OP 4.

<sup>7</sup> CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

party program design and implementation services as part of the energy efficiency portfolio. All IOUs are required to conduct a Request for Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) stage.<sup>8</sup>

The CPUC also requires each IOU to assemble a PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG is charged with overseeing the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining the overall procurement process and providing feedback during all solicitation stages. Each IOU briefs its PRG on a periodic basis throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, and contract negotiations.

Each IOU is required to select and utilize a pool of EE IEs to serve as consultants to the PRG.<sup>9</sup> The IEs are directed to observe and report on the IOU's entire solicitation process, preparation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process is conducted that is devoid of market collusion or manipulation. The IEs are privy to viewing all submissions. The IEs are invited to participate in all the IOU's solicitation through selection-related discussions and are bound by confidentiality obligations.

### **A. Scope**

PG&E, on behalf of the funding California investor-owned utilities, conducted a competitive solicitation for an innovative energy efficiency resource program(s) that could achieve immediate and long-term, persistent, and comprehensive energy savings for California state agencies which would support the state's overarching goal to deliver significant decarbonization in its facilities. California's sustainability goals are outlined in California's Executive Order B-18-12, including a target of achieving zero net energy in 50 percent of the square footage area of the existing state-owned buildings by 2025.<sup>10, 11</sup>

The solicitation sought proposed program outcomes that also could be considered in the broader context of California's decarbonization and building-sector goals, as defined in Senate Bill (SB) 350, SB 100, SB 1477, and Assembly Bill (AB) 3232. Bidders in the solicitation were allowed the option to design programs that could target either multiple or individual state agencies (e.g., California Department of Corrections and Rehabilitation or Department of General Services) while addressing the wide variety of facility types owned and operated by state agencies.

The previous Statewide California Partnerships had fallen under two individual partnerships:

- California Department of Corrections and Rehabilitation (CDCR): This partnership typically involved larger, multi-year EE projects implemented by Energy Services Companies

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<sup>8</sup> Decision 18-01-004, p. 31.

<sup>9</sup> Id, OP 5.a.

<sup>10</sup> Governor Brown's Executive Order B-18-12: <https://green.ca.gov/Buildings/resources/executiveOrder/>

<sup>11</sup> California Department of Corrections and Rehabilitation Sustainability Roadmap 2018-2019: [h 9\\_Consolidated\\_CDCR\\_SustainabilityRoadmap.pdf](https://www.cdcr.ca.gov/Portals/0/CDCR_SustainabilityRoadmap2018-2019.pdf)

(ESCOs).

- Department of General Services (DGS) and other State Agencies: This partnership included EE projects that ranged in size and type, delivered through a mix of ESCO-implemented projects, bundled programs, turnkey on-bill financing, and direct install offerings.

PG&E encouraged bidders to design a new, innovative partnership(s) that could build upon existing relationships with state agencies and departments to deliver cost-effective energy savings to state-owned facilities and to help state agency facility managers increase their capacity to act on energy efficiency projects.

## B. Objectives

Bidders were encouraged to reflect the urgency of meeting the state’s decarbonization goals through energy efficiency projects in state-owned facilities in their proposals. Bidders were also asked to identify solutions to address and reduce known market barriers facing state agency customers. Also, bidders were expected to propose flexible program designs that could address the unique characteristics of various building types, climate zones, and agency procurement processes as well as constrained agency budgets.

The bidders were also encouraged by PG&E to highlight in their proposals any additional program benefits such as grid reliability, greenhouse gas reduction, integrated demand-side management, energy storage, and/or water efficiency, and reflect the policy principles described in CPUC’s Decision 18-05-041<sup>12</sup> on including EE/demand response (DR) integration opportunities. Bidders were also encouraged to consider the CPUC’s Decision 19-08-009 Modifying the Energy Efficiency Three-Prong Test Related to Fuel Substitution, as it relates to the ability to meet the objectives of this solicitation.

### 1.2. Timing

The program solicitation schedule was consistent with the joint IOU program solicitation schedule presented on the California Energy Efficiency Coordinating Committee’s (CAEECC) website. The RFA was released in May 2020 and the RFP was released in September 2020. Initially, contract negotiations and contract execution were planned to occur Quarter 1 of 2021. Due to an extended proposal evaluation period and complexities in delivering a statewide downstream program, the IOU extended contract negotiations into Quarter 2 of 2021.

With this exception, the timing of the solicitation’s major milestones is consistent with the joint IOU dynamic schedule presented on the CAEECC website.<sup>13</sup> With timely CPUC approval of the executed Contract, the program is still on schedule to launch in Quarter 3 of 2021. A list of key solicitation milestones and expected completion dates are presented in the table below. Unless otherwise noted, all milestone dates as of this Report were met or on schedule.

Milestones	Completion Date
<b>RFA Stage</b>	
RFA distributed to Bidders	May 13, 2020
Bidders Conference (webinar only)	May 21, 2020

<sup>12</sup> FOF 3 and 9 and COL 9, pp. 29-37.

<sup>13</sup> Third-Party Solicitation Information, <https://www.caeccc.org/third-party-solicitation-process>

Table 1.1: Key Milestones	
Milestones	Completion Date
Deadline to submit written questions to PG&E *	May 27, 2020
PG&E Response to Bidder Questions *	June 1, 2020
Abstract submissions due in PowerAdvocate	June 24, 2020
RFA selection and notification to Bidder advancing to RFP stage	July 31, 2020
<b>RFP Stage</b>	
RFP distributed to Bidders	September 9, 2020
Bidders Conference (optional, via webinar)	September 21, 2020
Deadline to submit written questions to PG&E	September 25, 2020
PG&E Response to Bidder Questions	September 30, 2020
Proposal submissions due in PowerAdvocate	October 21, 2020
<b>Selections &amp; Contracting Stage</b>	
PG&E shortlist selections and notification to respondents**	November 30, 2020
Contract negotiations**	December - January 2021
PG&E final selections**	January 2021
Program Launch	Quarter 3 2021
* - PG&E extended the deadline due technical issues experienced by a bidder accessing PG&E's PowerAdvocate solicitation system.	
** - PG&E extended the deadline to accommodate additional evaluation period and to address complexities with delivering a statewide program.	

### 1.3. Key Observations

Overall, we find that the solicitation was successful in procuring a program that will assist the IOUs in meeting their CPUC-directed energy efficiency portfolio goals and metrics along with helping the state of California achieve its sustainability goals. PG&E's conduct and management of the energy efficiency program solicitation was fair, equitable, and transparent.

The IOU conducted the solicitation consistent with the CPUC's guidance. As presented in PG&E's Solicitation Plan, final selection was made after the final assessment of the bidder proposal.<sup>14</sup>

PG&E allowed the IE to monitor all aspects of the solicitation from the development of the initial RFA materials through the contract negotiations. Throughout the solicitation, the IE provided feedback to the IOU on various activities such as RFA and RFP development, bidder instructions, scorecards, and bidder questions and answers. PG&E was responsive to this IE feedback.

Table 2.2 presents key observations made by the IE during the solicitation. The IE shared these key recommendations and others with the IOU and PRG throughout the solicitation. The IOU was provided an opportunity to review, consider, and accept, or reject these recommendations.

<sup>14</sup> Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

Table 1.2: Key Issues and Observations

Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
<b>RFA Stage</b>			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Solicitation Budget	<p>The RFA proposed an annual budget of \$2.5 million to fund the Statewide California Partnership. There are 300 state agencies throughout California. The Executive and Judicial branches have separate procurement authorities. Abstracts have focused attention on a limited number of agencies/branches. Historically, the Partnership has focused mainly on the executive branch.</p>	<p>In the RFP, PG&amp;E should increase the annual budget. The RFP should clearly state the IOU's preference for either a single agency proposal or all-agency proposals. PG&amp;E should consult with the customer and the funding IOUs prior to determining funding levels and a preference for single or multi-agency proposals.</p>	<p>PG&amp;E was successful in convincing all IOUs to increase the annual solicitation budget to \$5 million. PG&amp;E conferred with the customer on whether there is a preference for single or multiple implementers. The customer had no preference.</p>
<b>RFP Stage</b>			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
IOU Account Mgmt. Support	<p>IOU customer account mgmt. support has been an integral component in previous Statewide California Partnership offerings.</p> <p>The RFP did not list standard or optional IOU support services available to the bidders nor any corresponding cost for such services.</p>	<p>RFP should include a list of standard and optional IOU support services with a brief description and cost.</p> <p>For statewide programs, the lead IOU should coordinate this information across all funding IOUs and include it in the RFP for bidders' consideration.</p>	<p>During the RFP stage, other IOUs were not prepared to provide a list of their support services or corresponding costs.</p>
<b>Negotiations and Contracting</b>			
Consistent Level of Utility-provided Account Representative Support	<p>Large customers who are located in multiple service territories, like the state of California, may experience different levels of basic EE customer service support from their various IOUs which may cause an inconsistent customer experience across service territories.</p> <p>Typically, such customers are directly supported by an assigned utility account representative who provides various utility customer services.</p>	<p>The collective IOUs should offer statewide Program Implementers a common set of basic and enhanced customer support services.</p> <p>The IOU should develop consistent ways that assigned customer account representatives can effectively promote EE program awareness and proactively encourage customer participation.</p>	<p>The lead IOU had engaged with non-lead IOUs to create a common set of basic and enhanced customer support services that can support statewide program delivery. With the exception of one IOU, the remaining IOUs have agreed to a common level of basic customer service in support of the Statewide California Partnership.</p>
Treatment of Existing Customer Projects and Project Leads	<p>Existing IOU programs, like the Statewide California Partnership, may have pending customer projects with estimated installation that extend into the new program's implementation period.</p>	<p>Any potential customer project (i.e., project lead) that has not been approved for installation from a prior IOU program should be transferred to the new third-party program implementer.</p> <p>Any remaining funds</p>	<p>The IOUs have agreed to transition any existing project leads that have <u>not</u> been approved for installation</p>

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
		from the previous program should be used to fund these preexisting project leads.	
Bidder Debriefings Should Survey Bidders that Failed to Submit a Proposal		The IOU should expand its bidder debriefing scope to query such bidders as to their reason(s) for not submitting a proposal at the RFP stage.	New recommendation. Pending response.

During this solicitation, the IE observed emerging effective practices by the IOU that can make the process more effective, efficient, and more transparent if applied to future solicitations. The IE recommends that the IOU continues these practices, as presented below, and share them with other IOUs for their consideration and adoption.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
<b>Evaluation Team Check-in Meetings</b>	PG&E’s evaluation team met on a weekly basis to check on the evaluators progress with their reviews. This encourages evaluators to conduct scoring at a reasonable cadence throughout the review period. These check-in meetings also provided an opportunity for evaluators to ask clarifying questions on the proper application of scoring criteria as they conduct their evaluations.
<b>Periodic Check-In Meetings with Assigned IE</b>	PG&E held weekly status meetings with the assigned IE to discuss solicitation activities and to address any emerging issues identified by the IE or the IOU. Such progress meetings were particularly useful during the contract negotiations phase.
<b>Allow Bidders to Cure Cost-effectiveness Showings</b>	PG&E allowed bidders to cure certain deficiencies identified in their cost-effectiveness test (CET) showings. Specifically, PG&E’s engineering staff identified any incorrect application of the CPUC-adopted measure assumptions and methodologies. PG&E provided this feedback to the bidders. Bidders addressed any identified deficiencies and returned their CET showings to PG&E for final evaluation.
<b>Provide Bidders a List of CPUC-approved EE Measures</b>	PG&E provided bidders with a list of CPUC-approved deemed measures and corresponding assumptions (aka, Measure Picklist) to bidders. The Measure Picklist is a helpful tool as it can be used by bidders to identify quickly and correctly the latest CPUC-approved deemed measures.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
[REDACTED]	[REDACTED]

**2. RFA Bidders Response and Selections**

PG&E’s Statewide California Partnership solicitation design met the IOU’s intended purpose to procure a program to deliver the Statewide California Partnership that directly supports an increase in energy efficiency adoption for the state of California. Also, the solicitation generally conforms with the CPUC requirements for a competitive, two-stage solicitation with oversight from its PRG and active monitoring of all solicitation activities by the IE.

**2.1. RFA Development**

PG&E’s RFA design balanced the need for information to evaluate bidder abstracts and the resource burden on the bidder in responding to the RFA.

PG&E, in collaboration with the IE, reduced the RFA requirements to only the essential items (e.g., program design and operations, experience, innovation/IDSM, expected outcomes) needed to properly evaluate bids. Bidders responded to 18 questions with preset word limitations for each question. The focused abstract requirements allowed the bidders to concisely present their program concept and the IOU to evaluate the bids efficiently and effectively. Under a two-stage solicitation approach, abstract requirements focused on the most important program design elements, which should be the norm for all future solicitations.

**2.2. RFA Outreach**

Overall, the solicitation received strong interest from the targeted potential bidder pool. The response exceeded PG&E’s expected number of Abstracts as reflected in Table 2.1 below. In future solicitations, the IOU should proactively outreach to the bidder community through its Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified bidders. Such efforts should also be made to encourage Small Business Enterprises (SBEs), as defined by the CPUC in these solicitations.<sup>15</sup>

**2.3. RFA Bidders’ Conference**

PG&E held an RFA Bidders’ Conference on May 21, 2020. Potential bidders had ample time during the conference to ask questions. Bidders were also provided an opportunity after the conference to provide written questions. PG&E extended the deadline to submit questions to June 1, 2020 because a bidder had technical issues with PG&E’s online solicitation platform, PowerAdvocate. The IOU conferred with the IE prior to extending the deadline.

PG&E received 23 questions covering an array of topics including: contract length, coordination

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<sup>15</sup> SBEs are defined according to Title 2, Section 1896.12, of the California Code of Regulations.

with Regional Energy Networks, access to customer’s building energy usage data, targeted customer, and general RFA instructions such as license requirements and access to PG&E’s PowerAdvocate solicitation system. The IE was provided an opportunity to review PG&E’s draft response to each question prior to its release to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses and PG&E accepted the IE’s recommendations. PG&E provided responses to all bidder questions by June 3, 2020 which was within the acceptable parameters recommended by the PRG.

**2.4. RFA Bidders’ Response**

The table below summarizes the actual response to the request for abstracts released by PG&E.

**Table 2.1: Solicitation Response**

	Number
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

**2.5. RFA Abstract Selection Process**

**A. RFA Bid Screening Process and Management of Deficient Bids**

PG&E screened all bids prior to scoring. The IE confirmed the IOU’s process. PG&E screened abstracts for:

- The Abstract is substantively incomplete or exceeds page length limitations;
- The Abstract is not responsive to the objectives and requirements of this RFA; or
- PG&E determines that a conflict of interest exists.

PG&E received one deficient bid in response to the RFA. The bid did not pass the initial screening process since it was determined to be an incomplete response. [REDACTED]

[REDACTED] The IE supported the IOU’s decision to not move that bid into the RFA evaluation phase.

**B. RFA Evaluation Team Profile**

Below was the make-up of PG&E’s evaluation team. There were no conflicts of interest reported by PG&E or its team members. PG&E held a group training session for the scoring team prior to evaluating the abstracts. The training included an overview of the RFA, conformance with the Company’s code of conduct including the conflicts of interest policies, scoring criteria, and scorecard.

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**C. [REDACTED]**

[REDACTED]



Overall, PG&E was very receptive to all input provided by the IE and the PRG throughout the RFA stage.

#### **A. Adherence to PRG RFA Guidance and Feedback**

In support of the IOUs' energy efficiency program solicitations, the PRG created a PRG Guidance document which listed a variety of PRG recommendations regarding all aspects of the IOUs' solicitations including the RFA stage. The PRG Guidance document included 61 discrete PRG recommendations regarding the RFA stage. As confirmed by the IE, the IOU incorporated 56 PRG recommendations into the RFA materials and scoring rubric. The remaining 5 recommendations were not applicable to the solicitation.

#### **B. Response to IE Feedback on RFA**

The IE provided 22 discrete comments to PG&E on its draft RFA materials including the evaluation scoring rubric. The IE comments covered an array of topics such as cost-effectiveness requirements, disadvantaged worker policies, CPUC incentive design recommendations, and the solicitation schedule. All recommendations were accepted by PG&E, as confirmed by the IE.

One of the more significant recommendations accepted by the IOU was the request to increase the solicitation funding above the initially proposed annual statewide budget of \$2.5 million. Specifically, the IE recommended to PG&E that it revisit the Statewide California Partnership budget with the other IOUs as part of the annual budget advice filing process. The IE noted that it is likely other statewide EE programs may see a downward adjustment to their budgets (e.g., Statewide Lighting, Statewide Plug Load and Appliances) over the next few years in response to reductions to energy savings estimates presented in recent CPUC load impact studies. These potential downward budget adjustments to other statewide programs may create an opportunity for the IOUs to increase the Statewide California Partnership solicitation budget. In response, PG&E collaborated with the other IOUs to increase the annual solicitation budget from \$2.5 million to \$5.0 million.

### **3. RFP Bidder Response and Selections**

#### **3.1. RFP Development**

Overall, the RFP did not impose excessive requirements upon the bidder. Consistent with PG&E's RFA design, the RFP balanced the need for information to evaluate bidder proposals and the burden on the bidder in responding to the RFP. The RFP included general instructions and a Response Form (narrative and data), along with the applicable CPUC standard and modifiable contract terms and conditions. PG&E also presented its proposed Company-specific terms and conditions for bidder consideration. PG&E asked bidders to provide responses to 34 questions and to populate program-related estimates in a workbook template. The RFP imposed reasonable word-limits that allowed ample opportunity to provide a clear and complete response.

The IE provided 31 discrete comments and corresponding recommendations, all but 3 of which were all accepted by PG&E. The comments were primarily focused on improving the quality and compliance of the RFP's general instructions, narrative response form and the scoring framework.

#### **3.2. RFP Bidders' Conference**

PG&E held an RFP Bidders' Conference on September 21, 2020. Invited bidders had ample time during the conference to ask questions. Bidders were also provided an opportunity after the

conference to provide written questions. Bidder questions were due on September 25, 2020. PG&E received 25 questions covering an array of topics including: number of bidders, disadvantage communities, IOU program governance, funding levels, on-bill financing funding source, IOU account management cost, KPIs, program launch date, and general RFP instructions such as license requirements. The IE was provided an opportunity to review PG&E’s draft response to each question prior to release to bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and PG&E accepted the IE’s recommendations. PG&E provided responses to all bidder questions by September 30, 2020.

**3.3. RFP Bidders’ Response**

The table below summarizes the actual response to the request for proposal released by PG&E. One bidder submitted two different proposals. Based on the RFA and RFP instructions this was allowed.

Table 3.1: Solicitation Response	
	Number
[REDACTED]	
[REDACTED]	
[REDACTED]	

**3.4. Proposal Selection Process**

**A. RFP Bid Screening Process and Management of Deficient Bids**

PG&E screened all bids prior to scoring. PG&E screened proposals for completeness, responsiveness, and potential conflicts of interest. All bids passed the screening process and there were no deficient bids. The IE confirmed the IOU’s process.

**B. RFP Evaluation Team Profile**

Below was the make-up of PG&E’s evaluation team. There were no conflicts of interest reported by PG&E or its team members. PG&E held a group training session for the scoring team prior to evaluating the abstracts. The training included an overview of the RFA, conformance with the Company’s code of conduct including the conflict of interest policies, scoring criteria, and scorecard.

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

**C. RFP Scoring Rubric Design**

[REDACTED]
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**D. RFP Evaluation Processes and Scoring Calibration**

On October 21, 2020, PG&E received [REDACTED]  
[REDACTED]

[REDACTED]

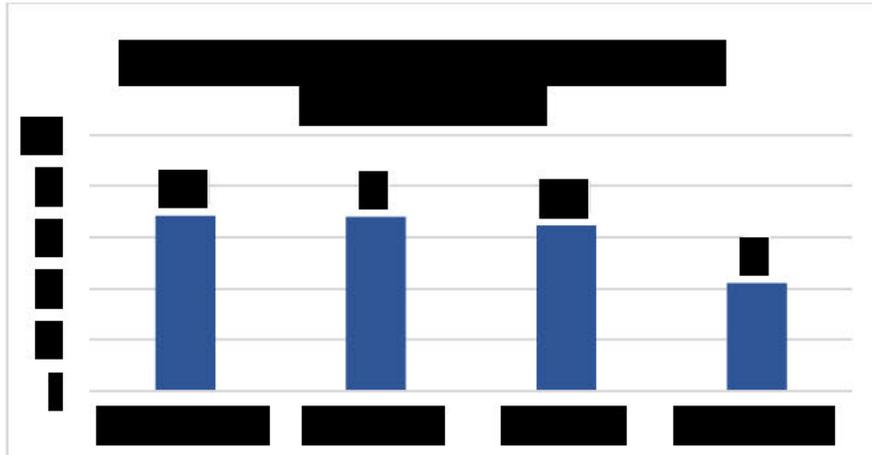
[REDACTED]

On October 26, 2020, PG&E initiated its evaluation of the proposals. PG&E’s evaluation team met on a weekly basis to provide updates on the progress of their individual reviews. These check-in meetings also provided an opportunity for evaluators to ask clarifying questions on how to properly apply the scorecard and other process-related items (e.g., timing). The IE attended these check-in meetings. The IE considers such regular check-in meetings among evaluators an effective practice for all IOU solicitations as it reduces misunderstandings regarding the scorecard. The meeting also encourages evaluators to thoroughly review proposals on a steady cadence throughout the evaluation period.

On November 18, 2020, the evaluation team completed proposal evaluations, with the exception of the bidders’ CET showings. In the CET review process, PG&E’s engineering staff identified any incorrect applications of the CPUC-adopted measure assumptions and methodologies. PG&E provided this feedback to the bidders and allowed them to cure identified issues. PG&E did not provide feedback on other CET elements (e.g., quantity forecasts, measure mix, implementer costs, etc.). Bidders returned their cured CET showings to PG&E for final evaluation. As part of the RFP, PG&E also provided bidders with a list of CPUC-approved deemed measures and corresponding assumptions (aka, Measure Picklist) to bidders. The IE considers both the CET curing process and the Measure Picklist effective practices, which should be adopted by all IOU solicitations.

On November 20, 2020, PG&E held its calibration meeting with the evaluation team to identify and correct any consistent applications of the scorecard by any individual evaluator. The most efficient way to identify potential issues was to identify significant differences among individual evaluator scores assigned across individual bidder responses. [REDACTED]

[REDACTED] The IE considers this an effective practice that should be adopted by all PG&E's future solicitations.



#### E. RFP Shortlist and Final Selection

On December 9, 2020, the IOU held a shortlist meeting attended by its program management team and senior managers. [REDACTED]

PG&E decided [REDACTED]

[REDACTED] were given the same amount of time to respond and present their responses. Bidders were allowed to provide written responses and make a virtual one-hour presentation to the PG&E evaluation team. The IE attended all interviews. [REDACTED]

[REDACTED] Instead, final selection was based on the merits of the bidder's program proposal and not its willingness to conform to PG&E's contract terms. These interviews enabled PG&E to be better informed in final program selection.

After the interview process, PG&E ultimately decided to invite [REDACTED]. The additional information provided during the bidder interviews gave PG&E a better understanding of the program design and greater confidence that the program would be successful in meeting the customer preferences (e.g., agency coverage).

[REDACTED]				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

### 3.5. PRG and IE Feedback to Proposal Process and Selections

#### A. Adherence to PRG Guidance and Feedback

The PRG provided the IOU with the PRG Guidance document that included 105 discrete PRG recommendations regarding the RFP stage. As confirmed by the IE, the IOU incorporated 92 PRG recommendations into the RFP materials and scoring rubric. Eleven of the PRG recommendations were not applicable to the solicitation and the 2 were considered by the IOU but not adopted due to reasons listed below:

Issue	IE Recommendation	IOU Response
<b>IOU Additional Support Services</b>	In the RFP, include cost estimates for all additional utility support services to inform bidders in the development of their proposals.	At the time of the RFP release, there was no agreement across the IOUs on the scope or cost of providing utility support services for Statewide Programs.
<b>Offer Independent Cost-Effectiveness Training</b>	The IOUs should endeavor to provide reasonable assistance to bidders in the development of the bidder’s cost-effectiveness forecasts. IOU should provide independent training sessions on the cost-effectiveness tool (CET), incorporating CET training or refreshers into the bidder’s conferences.	PG&E includes a CET curing process by which bidders are informed if their proposal includes inaccurate or outdated CPUC-approved assumptions or methodologies. Bidders are allowed the opportunity to cure these shortcomings and resubmit their CET showings.

#### B. Response to IE Feedback

The IE provided 32 discrete comments to PG&E on its draft RFP materials including the evaluation scoring rubric. The IE comments covered an array of topics such as targeting state-owned facilities, program double-dipping, disadvantaged worker policies, coordination with publicly-owned utilities,

and cost-effectiveness. All recommendations were accepted by PG&E, except for the following recommendation:

Table 3.6: Response to IE Feedback		
Issue	IE Recommendation	IOU Response
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

#### 4. Contracting Process

After final selection, PG&E held contract negotiations [REDACTED]. Together these two programs addressed the needs of all California state agencies including those under the Executive and Judicial branches of California state government. During contract negotiations both parties agreed that [REDACTED].

##### 4.1. Contract Negotiations

PG&E scheduled weekly [REDACTED] February 2021 through May 2021 to discuss various aspects of the contract including program design and delivery. Scheduling weekly meetings in advance helped both parties maintain a good pace throughout contract negotiations as it required both parties to respond timely to emerging issues. This is an effective practice and should be used to support all contract negotiations.

##### A. Collaboration on Final Program Design and Scope

Per Decision 16-08-019, the CPUC allows the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.<sup>16</sup> This enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offering. This is also the time for the bidder to share greater levels of program details and to address any concerns that the IOU may have regarding the

<sup>16</sup> Conclusion of Law 57.

program design and delivery.

The IOU and the bidder discussed various program and contract elements including: combining the program into one offering, contract duration, compensation, trade ally networks, climate corps fellowships, key performance indicators, treatment of preexisting projects, IOU optional support services, IOU co-branding, and contract lending. Below is a summary of key negotiated items:

[REDACTED]

[REDACTED]

[REDACTED]

**Other Support Services** – IOU has assigned specific account executives (AEs) to provide a greater level of customer service to larger customers like the State of California. [REDACTED]

[REDACTED]

Prior to contract negotiations, the IE shared its concerns with the PG&E and the PRG that the IOU had not met with the other IOUs since the RFP's release. The IE believed that IOU coordination meetings were needed prior to contract negotiations to address statewide program delivery issues such as AE support and other statewide delivery issues (see below).

**Preexisting Project Pipelines** – Since the Statewide California Partnership is an existing IOU designed and implemented offering, it has preexisting energy efficiency projects in the program's pipeline that will not be completed by the time [REDACTED]

[REDACTED] The collective IOUs proposed to retain all existing projects since such energy savings can be reported against the IOU's current energy efficiency goals. [REDACTED]

[REDACTED]

[REDACTED]

**IOU Co-Branding –** [REDACTED]

[REDACTED] and to help with outreach efforts to state agencies who did not participate in the prior energy efficiency partnership offering. As the first downstream energy efficiency program being outsourced, there was significant discussion among the IOUs on how [REDACTED] could be reviewed and approved by the individual IOUs. The IOU approval of marketing materials confirms that the IOU brand and associated marketing materials are not being misrepresented to customers. Ultimately, the IOUs agreed to co-brand marketing materials. PG&E will facilitate review and approval of such materials on behalf of the IOUs.

[REDACTED]

**B. Fairness of Negotiations**

Overall, the contract negotiations were fair and transparent. The negotiations were well-managed by the solicitation lead and actively supported by the IOU’s program SMEs. PG&E allotted additional time to continue contract negotiations to work out programmatic issues. [REDACTED]

[REDACTED]

[REDACTED] design remained intact with the most impactful design change coming as a result of combining both programs into one offering for greater efficiencies in program delivery and contract management. The PRG and the IE supported this action.

The IOU should have announced in the RFA and RFP how it was planning to treat preexisting projects. [REDACTED]

[REDACTED]

The following are changes to the budget and expected energy savings forecasts as a result of the contract negotiations.

Table 4.1: Proposed vs. Final Agreement	
Budget	
Total kWh, Net	
Total kW, Net	
Total Therms, Net	
TRC Ratio	

### C. Changes to Contract Terms & Conditions

To be compliant with CPUC directives, PG&E provided the bidder with both the standard and modifiable CPUC terms and conditions at the start of contract negotiations.<sup>19</sup> The IE reviewed all documents and confirmed that the CPUC’s terms and conditions are included in the agreement. The IOU provided additional terms and conditions to the bidder. These did not conflict with the CPUC standard terms and conditions and were accepted by the bidder.

The IE also reviewed the Contract against the PRG’s Contract Checklist and found no issues with PG&E’s standard contract. The IE reported the results of this review to the PRG at the onset of contract negotiations.

### D. Conformance with CPUC Policies and Objectives

The table below provides a summary of how the program elements align with those CPUC policies and other PRG recommendations that the contracted program should support.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms, compliant with applicable CPUC policies, decisions or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting,	See Section 4.1.C.

<sup>17</sup> Includes \$500,000 in IDSM support.

<sup>18</sup> Reflects TRC ratios for [REDACTED]

<sup>19</sup> Decision 18-10-004, OP 7.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
Section 6.1.1)	
Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 4.1.C.
Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 4.1.C.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions or direction. (6.1.4/5)	See Section 4.1.C.
IE pool reviews standard contract template and provides comment (6.1.6)	Confirmed. IE pool reviewed contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. IE was informed of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. IE was included in all bidder communications and invited to all meetings.
IOUs should explain its contracting process to selected bidders (6.2.3)	Confirmed. The IOU explained the contracting process to the bidder at the initial meeting.
Prior to execution, the assigned IE and PRG should review final contracts for each program recommended for award. (6.3.1)	Confirmed. The IE reviewed final contracts.
Reasonable number of KPIs.	Confirmed. There are 8 KPIs addressing different aspects of the implementer's performance.
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed.
Contract includes appropriate performance issue remedies.	Confirmed. Contract identifies process to remedy performance issues.
Contract clearly addresses Support Services.	Confirmed. Attachment 2 presents Support Services offered by the IOUs. SCE indicated that it will not provide customer account management support.
Innovative aspects of the program are retained.	Confirmed. Attachment 2, Section 1.1.1 addresses innovative program qualities. These were part of the bidder's initial program design.
If applicable, IDSM components are included.	Confirmed. Attachment 2, Section 1.1.2 proposes iDSM activities that will be supported by additional iDSM funding. iDSM activities include integration of energy efficiency, demand response (DR) and zero net energy activities into the customer's energy action plans. The program will also identify DR opportunities to the customer and provide equipment that enables EE/DR integration opportunities.
If applicable, program considerations for Hard-to-Reach (HTR) and Disadvantaged	Confirmed. Section 1.13 describes program plans to promote EE projects in disadvantaged

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
Communities (DAC) are incorporated.	communities including higher customer incentives for projects located in DACs. HTR is not applicable to this customer group per the CPUC definition.
Changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed. Changes were reasonable including combining the bidder's two programs into one offering.

**E. Uniformity of Contract Changes**

[REDACTED]

**4.2. Final Selection**

After initial meetings with the top ranked bidders [REDACTED] [REDACTED] Since the program was directed at only one customer PG&E, during the development of the RFA, met with the customer several times to identify the customer needs. PG&E once again met with the customer during the development of the RFP to reconfirm those preferences. During final selection, PG&E thoughtfully considered [REDACTED] [REDACTED]

Table 4.3: Customer Preferences	
Customer Preferences	Does Bidder's Proposal Address Customer Preference
Deliver immediate and long term, persistent, comprehensive energy savings. Program should meaningfully aid eligible California State Agencies in meeting their decarbonization goals (reducing GHG emission).	Yes
Provide solutions to the barriers unique to state agencies serving disadvantaged communities, disadvantaged workers, and hard to reach communities.	Yes
Address the diversity of State Agency Operations and Facilities. A program that serves all agencies; tailored to the wide array of buildings and facilities eligible for participation.	Yes
Idea of how to address the unique barriers and challenges the State faces.	Yes
Navigate the complexities of State Agency Contracting. Program should demonstrate knowledge of DGS and other state agency procurement contracting requirements	Yes
Deliver innovative financial models	Yes
Bridge gaps across utility service territories. EE solutions that will work in areas served by the California IOUs and POU's.	Yes
Facilitate best practice sharing.	Yes

Table 4.3: Customer Preferences	
Customer Preferences	Does Bidder's Proposal Address Customer Preference
Increase awareness of EE Opportunities among leaders and facility managers in state agency facilities. Provide tools, resources, and knowledge to decision makers, empowering them to make informed decisions.	Yes
Targeting high-opportunity facilities for energy efficiency and integrating products with demand-side management solutions. The state agencies' collective goal is to "reduce grid energy consumption," and the program should seek ways to pair the targeted energy efficiency savings with other opportunities to reduce grid energy consumption, including distributed generation, demand response, or other integrated strategies. Program should have integrated energy efficiency solutions, including smart devices, minimizing loads coincident with high carbon-intensity resources, leveraging EE for load flexibility and resource adequacy, and decreasing the use of fossil fuels in buildings, with a particular emphasis on decarbonizing heating and water heating end-uses.	Yes
Cost effective projects.	Yes
Experience working with state office buildings in comparison to CDCR	Yes

**4.3. Contract Execution**

The Contract [REDACTED] was fully executed on June 8, 2021. Upon CPUC approval of the executed Contract, the Contract will be effective and [REDACTED] development of the program's Implementation Plan. PG&E has negotiated the Contract with the option of extending the program to 2027 depending on CPUC approval of the IOU's next funding request [REDACTED].

Table 4.4: Executed Contracts		
Bidder	Contract Duration	Program
[REDACTED]	[REDACTED]	[REDACTED]

**4.4. PRG and IE Feedback to Contracting**

The IOU sought and considered PRG and IE feedback throughout the contract process. As stated previously, PG&E's standard contract agreement met each of the prescribed PRG recommendations. The IE actively monitored all contract negotiation meetings. The IOU also met with the IE on a regularly scheduled weekly meeting where the progress of contract negotiations and emerging contracting issues were addressed. After each contract negotiation meeting between [REDACTED] the IE regularly provided comments and concerns regarding various issues emerging from the contract negotiations. Many of these issues are presented in Section 4.1 of this Report. The IOU addressed each of these comments on a timely basis.

PG&E presented the status of contract negotiations to the PRG at the monthly PRG meeting. The IE also presented a comprehensive list of emerging issues and related resolutions among contracting parties to the PRG at the monthly meetings. Throughout the contract negotiations period, the PRG provided input to PG&E on discrete issues as presented in Section 4.1. The IOU was responsive to most items. For certain issues, such as statewide support services, the PG&E could only convey the decision of the funding IOU to the PRG.

## 5. Assessment of Final Contract

The final Contract complies with all specific CPUC directives related to third-party contracts including the incorporation of all standard CPUC terms and conditions without modification.

The final Contract represents a program that addresses each of the targeted customer's preferences for a program and for an implementer who had demonstrated experience working with state agencies including CDCR.

The final KPIs allow the IOU to actively monitor key elements of program design including program participation from state facilities located in DACs and active outreach to increase participation from state agencies who have not participated in the prior energy efficiency partnership program.

The final Contract represents [REDACTED] The final program should be considered third-party proposed, designed, and delivered consistent with CPUC's definition of a third-party program.

### 5.1. Bid Selection Respond to Portfolio Needs

The [REDACTED] directly responds to the funding IOUs' portfolio and customer needs. PG&E sought to procure an innovative cost-effective resource program that would offer energy efficiency solutions to state-owned facilities located throughout all four IOU service territories. Additionally, PG&E sought a program and an implementer that could address the customer's preferences for an energy efficiency program. These customer preferences were represented throughout the RFA and RFP materials (as summarized in Section 4.2).

[REDACTED]

[REDACTED]

[REDACTED] including custom retrofits, retrocommissioning, site specific NMEC, and deemed measures including fuel substitution measures, where feasible. This approach will allow the program to address all different state agencies of different sizes and commitment to energy efficiency.

Ultimately, the customer is pursuing GHG emission reductions in all state-owned facilities. The [REDACTED]

## 5.2. Bid Selection Provide the Best Overall Value to Ratepayers

### A. Introduction

[REDACTED]

The IE monitored every aspect of the solicitation including the IOUs evaluation and interviews leading up to PG&E's final decision. Based on this monitoring, the IE agrees with PG&E's decision that the AESC's programs provide the best value to ratepayers and to the customer.

### B. Program Description

[REDACTED]

[Redacted]

**C. Budget and Cost-Efficiency**

[Redacted]

[Redacted]

**D. Expected Program Performance**

The [Redacted] a total 49,173,976 net kWh and 761,824 net therms of annualized energy savings over the Contract term. Due to the longer-term engagement with the customer for [Redacted] the initial years of the program have a lower forecast of energy savings, as shown below.

Table 5.1: Program Energy Savings Goals						
	2022	2023	2024	2025	2026	Total
kWh Savings (annualized, net)	[Redacted]					
kW Demand Reduction (net)	[Redacted]					
Therm Savings (annualized, net)	[Redacted]					

**E. Cost-Effectiveness**

[Redacted] much greater than PG&E’s 2021 total program portfolio forecast of 0.89. This improved cost-effective showing of this statewide program will likely help all IOUs to have cost-effective showings of their EE portfolio in future years. The program’s forecast, including the assumed values and the reasonableness of the program’s expected EE installations, was confirmed by PG&E’s engineering and program staff. The prospective cost-effectiveness showing does support the notion that third-party program

implementers can help improve the cost-effectiveness of the IOU's overall program portfolio.

**F. IDSM**

[REDACTED] promote other DSM opportunities to state agencies. The Program will further advance agencies toward decarbonization and zero net energy readiness through integrated EE, demand response (DR), behind-the-meter distributed energy resources (solar, storage, electric vehicle (EV) charging) and building control solutions. The program will encourage state agencies to enroll in DR programs and coordinate the enrollments with the IOU assigned customer account executive. This direct engagement and promotion of other DSM solutions will help the customer manage its energy while reducing GHG emissions.

**G. Disadvantaged Communities**

[REDACTED] The program will also offer higher incentives.

**H. Disadvantaged Worker Policy**

[REDACTED] will support the CPUC's disadvantaged worker policy by relying on trade allies that operate in DACs who are more likely to hire disadvantaged workers from DAC areas.

During contract negotiations with PG&E, [REDACTED] This approach will directly support the CPUC's preference to have energy efficiency programs promote a pathway to jobs for disadvantaged workers.

**I. Workforce Standards Policy**

The Contract requires the implementer, and its subcontractors, to comply with the CPUC's workforce standards related to HVAC and advanced lighting controls installations.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]


[REDACTED]


[REDACTED]

[REDACTED]

**Applicable to EE Activities Only:**

**Incremental Savings Payments:** Includes payment tied to report energy savings as recorded in PG&E’s Energy Insight database.

**Performance Payments:** This represents payments on predetermined performance reserves (or assurance) based on the following components: annual savings goals attainment, cost effective program performance, and KPI performance. A summary of each component to the performance mechanism is presented below. A detailed description of the performance mechanisms is presented in the Contract.<sup>20</sup>

- **Annual Saving Goal Attainment Payment** is an annual payment for achieving the program’s annual savings targets.
- **Cost Effective (CE) Performance Payment** is a quarterly payment for achieving the program’s predetermined quarterly cost-effective target (i.e., TRC ratio with no administrative cost) as reported by PG&E in its quarterly claim uploaded to the CPUC reporting system, CEDARS. The quarterly payments are tried-up quarterly and annually, based on PG&E’s final tried-up energy savings claim submission to CEDARS.

<sup>20</sup> Attachment 1, Section 2.9.

- **KPI Performance Payment** is a quarterly payment for achieving predetermined KPIs.

## **K. Key Performance Indicators**

The Program has 8 key performance indicators that are tied to compensation. These are presented in the Contract<sup>21</sup> and address including: program documentation, geographic IOU diversity, GHG emission reductions, Fellowship effectiveness, program data quality, agencies served, and disadvantaged communities. The amount and type of KPIs are reasonable especially the agencies served and GHG emission reduction KPIs as these were most requested by the customer at the onset of the solicitation.

## **L. EM&V**

The Contract requires the program to be consistent with current CPUC Measurement & Verification (M&V) rules and requirements.<sup>22</sup> The IOU and implementer are required to provide a detailed M&V Plan as part of the final Implementation Plan.<sup>23</sup> There should be an active review of the of M&V Plan, by CPUC EM&V staff, to confirm adherence with the CPUC's NMEC Rulebook.<sup>24</sup>

## **6. Overall Assessment of Solicitation**

PG&E's conduct and management of the Statewide California Partnership solicitation was fair, equitable, and transparent. As required, the IE reviewed and monitored PG&E's solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process was conducted that was devoid of market collusion or manipulation.

[REDACTED] will be replacing two statewide partnerships, developed in the early 2000s by the IOUs, to address California's unique procurement practices and decision-making regarding energy efficiency solutions in its state-owned facilities. These prior partnerships typically relied on ESCO-driven EE projects with a focus on larger projects for a limited number of state agencies to achieve energy efficiency results. The new [REDACTED] this prior program design by expanding the offering to all state agencies under the Executive and Judicial branches of state government. With over 200 state agencies under the Executive branch alone, this is an enormous task. [REDACTED]

With the solicitation focused on serving one customer, the State of California, it afforded PG&E a unique opportunity to ask the customer its desired program output and outcomes. The customer clearly and consistently requested that the program be able to serve all state agencies across California with a focus on the highest-valued EE projects within each state agency. The customer also communicated that the program should directly support California's GHG reduction goals. The SOC Program meets every one of the customer preferences. For future solicitations where

<sup>21</sup> Attachment 2, Exhibit A, Tab H.

<sup>22</sup> Attachment 1, Section 2.10.4.3.

<sup>23</sup> Implementation Plan Template, Version 2, p. 9, dated January 2020.

<sup>24</sup> Version 2.0, dated January 7, 2020.

there are a limited number of targeted customers within scope, the IOU should continue PG&E's effective practice to survey the targeted customer group prior to launching the solicitation.

As the first statewide downstream program procured by a California IOU under this new CPUC requirement, there are several coordination issues that IOUs must continue to work on to properly support this statewide offering including consistent support services related to the utilities' customer account management support. Also, PG&E should develop and lead an ongoing statewide IOU team dedicated to this statewide program that can address emerging issues (e.g., customer concerns, utility support services, etc.) and actively monitor program performance at more discrete levels. PG&E should also closely monitor the program's ongoing activities especially with regards to the following:

- Effectiveness of agency outreach and project recruitment
- Recruitment of smaller agencies [REDACTED]
- Creation and effectiveness of new [REDACTED]
- [REDACTED] on CDCR wastewater facilities
- Active promotion/awareness of program by all IOU customer account representatives
- Recruitment of disadvantaged workers from DAC areas [REDACTED]
- Customer participation across geographic locations and agencies

There have been attempts, in the past, to deliver statewide downstream programs with limited success. This is due, in part, to the exceptionally large IOU service territories. [REDACTED] and install EE projects in facilities across California with a new [REDACTED]. To help the program become successful, PG&E will need to support [REDACTED] with addressing emerging issues especially during the initial years of the program.

# **Public Attachment B**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Program-Level Measurement & Verification Plan**

## **Attachment B: Program-Level & Measurement & Verification Plan**

There are no contracted programs calling for an exception to Normalized Metered Energy Consumption (NMEC) rules.

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **PART 2 CONFIDENTIAL VERSION**

June 24, 2021

# **Appendix A**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Independent Evaluator's Final Report**

**(Confidential)**

June 24, 2021

# **Appendix B**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Solicitation Process Overview**

**(Confidential)**

June 24, 2021

# **Appendix C**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Selection Spreadsheet**

**(Confidential)**

June 24, 2021

# **Appendix D**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Third Party Contract Summary**

**(Confidential)**

June 24, 2021

# **Appendix E**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Third-Party Contracts**

**(Confidential)**

June 24, 2021

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T  
Albion Power Company

Alta Power Group, LLC  
Anderson & Poole

Atlas ReFuel  
BART

Barkovich & Yap, Inc.  
California Cotton Ginners & Growers Assn  
California Energy Commission

California Hub for Energy Efficiency  
Financing

California Alternative Energy and  
Advanced Transportation Financing  
Authority  
California Public Utilities Commission  
Calpine

Cameron-Daniel, P.C.  
Casner, Steve  
Cenergy Power  
Center for Biological Diversity

Chevron Pipeline and Power  
City of Palo Alto

City of San Jose  
Clean Power Research  
Coast Economic Consulting  
Commercial Energy  
Crossborder Energy  
Crown Road Energy, LLC  
Davis Wright Tremaine LLP  
Day Carter Murphy

Dept of General Services  
Don Pickett & Associates, Inc.  
Douglass & Liddell

East Bay Community Energy Ellison  
Schneider & Harris LLP Energy  
Management Service  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie

Green Power Institute  
Hanna & Morton  
ICF

IGS Energy  
International Power Technology  
Intestate Gas Services, Inc.  
Kelly Group  
Ken Bohn Consulting  
Keyes & Fox LLP  
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated  
Waste Management Task Force  
MRW & Associates  
Manatt Phelps Phillips  
Marin Energy Authority  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

Office of Ratepayer Advocates  
OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority  
Regulatory & Cogeneration Service, Inc.  
SCD Energy Solutions  
San Diego Gas & Electric Company

SPURR  
San Francisco Water Power and Sewer  
Sempra Utilities

Sierra Telephone Company, Inc.  
Southern California Edison Company  
Southern California Gas Company  
Spark Energy  
Sun Light & Power  
Sunshine Design  
Tecogen, Inc.  
TerraVerde Renewable Partners  
Tiger Natural Gas, Inc.

TransCanada  
Utility Cost Management  
Utility Power Solutions  
Water and Energy Consulting Wellhead  
Electric Company  
Western Manufactured Housing  
Communities Association (WMA)  
Yep Energy